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Resona Group

Integrated Report 2022

Customers'
happiness is
our pleasure



Becoming the “Retail No. 1” Financial Services Group

Resona Group Corporate Mission

Established in November 2003

The Resona Group aims to become a true “financial services group full of creativity.”

Towards this goal, the Resona Group will:

- 1) live up to customers’ expectations,
- 2) renovate its organization,
- 3) implement transparent management, and
- 4) develop further with regional societies.

Resona Way (Resona Group Corporate Promises)

Customers

Resona cherishes relationships with customers.

Shareholders

Resona cherishes relationships with shareholders.

Society

Resona places importance on its ties with society.

Employees

Resona highly regards employees’ dignity and personality.

To Be a Good Company

A corporation’s reason for being is to deliver value to customers and the market. We therefore need to go back to the basics of business management and seriously ask ourselves a fundamental question: What do we offer society through our existence?

For the Resona Group to grow sustainably, it must aim to be a good company consisting of employees with good personalities.

These quotes from former Chairman Eiji Hosoya are featured at the top of the Resona Standards (Resona Group’s Behavior Guidelines), which provide specific examples of action to be taken to embody the Corporate Mission and the Resona Way, to this day serving as a cornerstone for all Group employees.



Deceased former Chairman

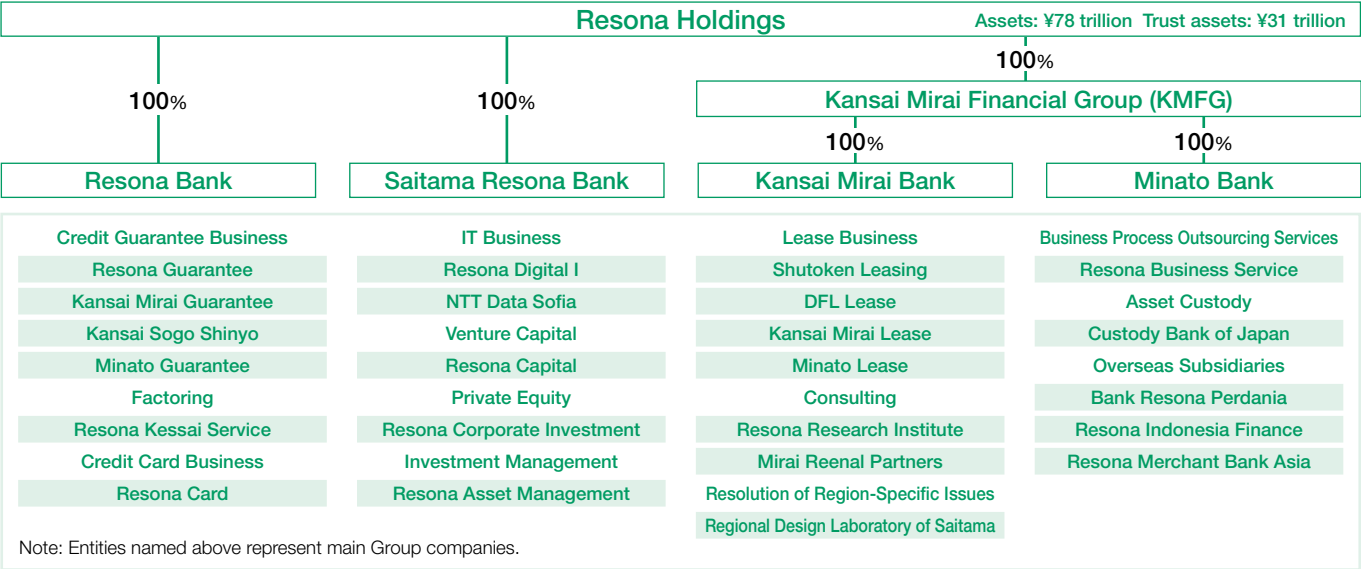
Eiji Hosoya

In June 2003, when the Resona Group was injected with public funds, he stepped aside from his former position as Vice President of East Japan Railway Company and assumed the office of Chairman at Resona Holdings to spearhead the “Resona Reform.”

Resona's Strength—Resona Group at a Glance



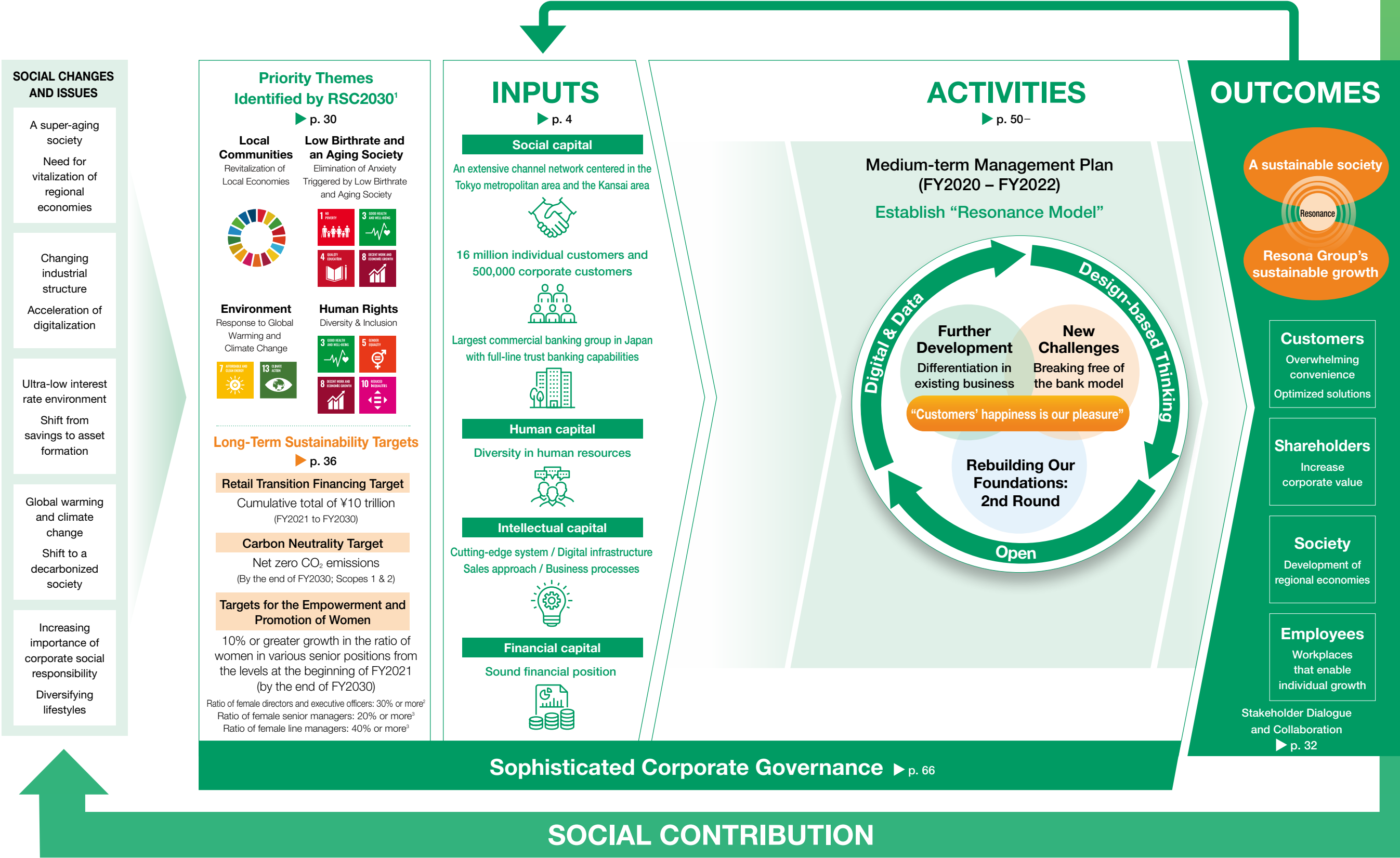
Group Structure



Value Creation Model

Our value creation model starts with issues customers and society as a whole are confronting and prompts us to think deeply about how to bring solutions to such issues through our business operations. Under the banner of “Customers’ happiness is our pleasure,” which defines our fundamental stance, we aim to establish a “Resonance Model” in which we deliver new value through the diverse resonance generated by new ideas and via the use of Resona’s strengths. In this way, we are simultaneously pursuing the

creation of a sustainable society and the Resona Group’s sustainable growth, ensuring “resonance” between these two endeavors as part of our initiatives to realize the goal of becoming “Retail No. 1.”



1 Resona Sustainability Challenge 2030 announced in November 2018 to represent Resona’s commitment to facilitating global efforts aimed at achieving SDGs.
 2 Resona Holdings
 3 Sum of six Group companies (Resona Holdings, Resona Bank, Saitama Resona Bank, Kansai Mirai Financial Group, Kansai Mirai Bank and Minato Bank)



Becoming the “Retail No. 1” Financial Services Group..... 1

Resona’s Footsteps..... 2

Resona’s Strength—Resona Group at a Glance 4

Value Creation Model..... 6

Value Creation Story

A Message from the President of Resona Holdings..... 10

A Message from the Executive Officer in Charge of Finance and Accounting..... 20

Outline of Financial Results for FY2021 25

A Conversation with an Outside Director..... 26

Identifying Material Social Issues That Should Be Tackled by Resona..... 30

Stakeholder Dialogue and Collaboration (Engagement)..... 32

Initiatives to Improve Corporate Value

Toward the Creation of a Sustainable Society..... 34

Promoting Sustainability Transformation (SX) 34

Our Response to Global Warming and Climate Change (initiatives related to the TCFD recommendations)..... 41

Human Resources..... 46

Roadmap to Sustainable Profit Growth 50

New Earnings Pillars..... 50

New Earnings Pillars / Further Development..... 55

Further Development 56

New Seeds for Growth..... 60

Rebuilding Our Foundations 63

Mechanisms Supporting Sustainable Growth

Corporate Governance..... 66

Resona Holdings Directors..... 72

Risk Appetite Framework..... 74

Risk Management..... 75

Compliance..... 78

Internal Auditing..... 79

Financial / Non-Financial Information and Corporate Data

Financial Highlights..... 80

Non-Financial Highlights..... 82

SASB INDEX..... 84

Consolidated Financial Statements..... 86

Corporate Data..... 90

Realizing “Retail No. 1”

First of all, I would like to express my sincerest gratitude to all those who support our operations.

Amid ongoing fallout from the COVID-19 pandemic, the business environment during FY2021 remained harsh, with an ever-growing sense of uncertainty due to volatile global market conditions, looming geopolitical risks, resource price surges and prolonged supply shortages.

Meanwhile, along with technological advances, an emerging megatrend toward “sustainability” is currently effecting a widespread shift in value systems that, over the long term, is expected to alter social and industrial structures as well as our conventional modes of doing business. In this sense, we are at a cusp of an entirely new era.

Moreover, since the COVID-19 pandemic first broke out, our customers, like society as a whole, have been confronting an array of rapidly evolving issues. Their needs for financial services are similarly becoming more diverse and complex, demanding sophisticated solutions. Amid these circumstances, the Resona Group may possibly be better positioned than ever to discover a broad range of business opportunities. We have therefore identified the above-mentioned circumstances as a golden opportunity for the Group to hone its consulting and financing capabilities. Accordingly, we will strive to further enhance these capabilities while acting as a faithful partner to our customers and doing our best to help them move forward, overcoming current difficulties even as we share opportunities and risks with them. We believe that being a “running partner” for customers and extending ongoing support to them in various ways will in the end help the Resona Group secure sustainable growth.

While we are convinced that the Group’s inherent strength will help us navigate a rapidly evolving era like that of today, we are intent on proactively incorporating external insights, skills and know-how. We will remain open to building connections with external partners rather than insisting on doing everything in-house. These efforts will, in turn, result in a new chemistry that will enable us to further accelerate our endeavors to break free of the bank model.

For some time now, we have tirelessly promoted reforms, having learned hard lessons from the 2003 “Resona Shock,” which caused us to thoroughly reexamine our mode of operations based on the realization that “bankers’ norms do not necessarily coincide with common sense held by external people.” Since then, we have adhered to the belief that whenever we find differences between our norms and external norms, we should doubt ours first. I consider passing down these lessons to future generations of bankers an essential part of my mission as President. We will thus strive to preserve and pass down our cherished convictions even as we courageously take on new challenges.



Masahiro Minami

Director, President and Representative
Executive Officer, Resona Holdings, Inc.

Building on a Track Record Spanning More than 100 Years as a Retail Business Specialist While Leveraging Our “DNA of Reform”

Prior to looking at our recent operating results, I would like to briefly touch on the origin and strength of the Resona Group.

The Resona Group boasts an extensive track record spanning more than 100 years as a retail business specialist. Backed by this track record, we have established our current position as the largest retail/commercial banking group in Japan with full-line trust banking capabilities. To date, we enjoy the support of 16 million individual customers and 500,000 corporate customers, who together constitute a quite robust customer base. In line with the current medium-term management plan (MMP), the Group is striving to enhance these unique strengths. Specifically, the Group has pursued (1) the “further development” of robust customer-relations capabilities backed by its deep roots in communities and full-line trust banking and real estate brokerage functions as well as asset management capabilities it has nurtured through pension asset management.

At the same time, the Group has taken on (2) “new challenges,” for example, integrating face-to-face and digital channels, increasing the sophistication of data utilization, and developing a financial digital platform based on external collaboration.

Back in 2003, when the Resona Group was injected with public funds it executed thoroughgoing reforms on various fronts that transcended traditional norms among banks, doing so under the leadership of former chairman Eiji Hosoya (deceased), who stepped aside from a top management position at East Japan Railway Company to take on the job. The “DNA of reform” has since been deeply embedded in our corporate culture. Even today, we are striving toward transformation as we work to become a “financial service provider” capable of delivering diverse solutions that go beyond the category of the banking business.

Resona’s Sustainability Management and Long-term Vision

The Resona Group’s approach to sustainability management always starts with addressing issues customers and society as a whole are confronting. In line with this approach, we think deeply about how to align all facets of our business operations to deliver solutions to such issues. Our endeavors to help customers tackle the issues they are confronting are also intended to deliver new value by bringing to bear the Resona Group’s fundamental strengths in solutions, customer relations and digital & data in a way that breaks away from traditional dependence on the conventional norms and frameworks of banking business.

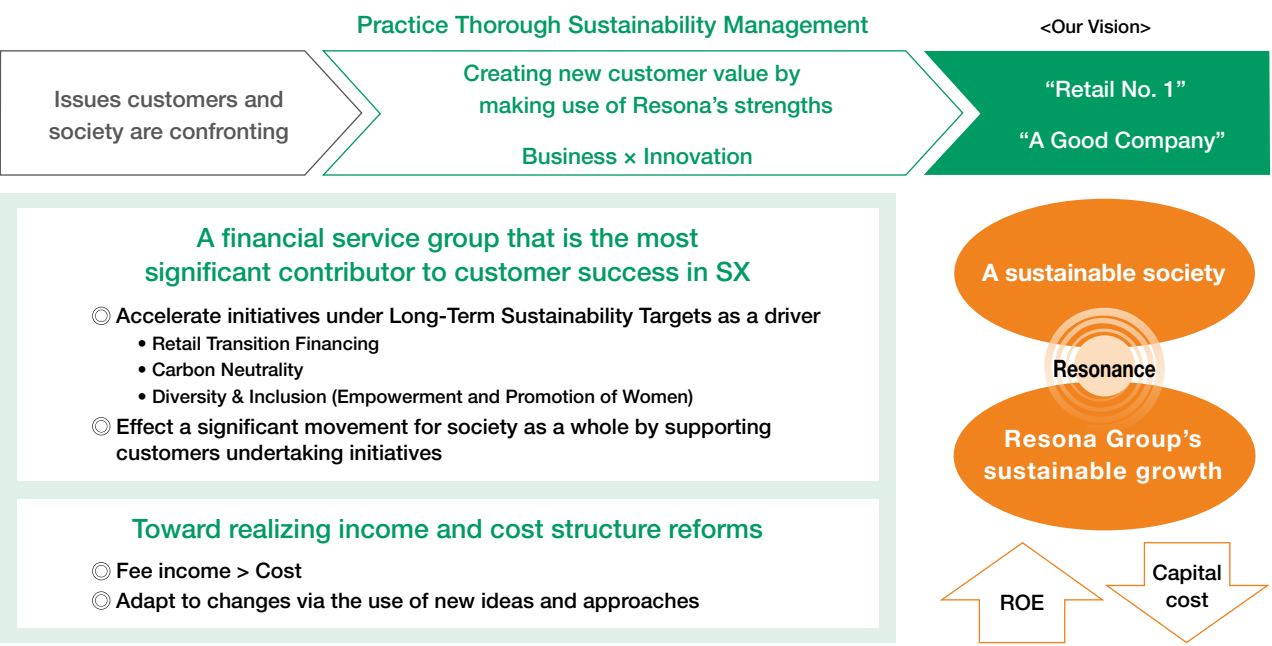
Simultaneously, the Group is pursuing the creation of a sustainable society and sustainable corporate growth. We also believe that ensuring “resonance” between these two endeavors is a requisite to achieving our goal of becoming “Retail No. 1.”

Going forward, we will keep our focus on serving retail customers and regional communities unchanged and remain a financial group that helps resolve issues customers and society are confronting, with all officers and employees pulling together in all-out efforts to this end.

Two Drivers for Realizing “Retail No. 1”

Currently, our initiatives to realize “Retail No. 1” broadly encompass two areas described below.

First, we aim to become, as a financial service group, the most significant contributor to customer success in sustainability transformation (SX). Second, we aim to realize income and cost structure reforms over the medium to long term.



A Financial Service Group That Is the Most Significant Contributor to Customer Success in SX

The Resona Group has defined SX as “Voluntary efforts undertaken by corporations and individuals to transform business models or lifestyles in order to stay at the forefront of an across-the-board shift toward a sustainable society.” Public calls for the pursuit of the United Nations Sustainable Development Goals (SDGs) and business efforts to address environmental, social and governance (ESG) issues have now grown into a megatrend with a great breadth of influence. Against this backdrop, we believe that engaging in in-depth dialogue with each customer to address opportunities and risks arising from current circumstances and helping them take tangible action, are of utmost importance.

These initiatives are precisely aimed at resolving newly emerging issues our customers are now confronting. This is where we could discover a golden opportunity for

growth. Currently, most businesses profess a commitment to sustainability, but their ability to successfully attain said sustainability genuinely rests on the “seriousness” and “speed” of their pursuit.

Because of this, the Resona Group aims to remain a pioneer in this area by taking on challenges and learning lessons from tangible outcomes. By doing so, we will enhance our consulting and financing capabilities so that we can better support our customers’ pursuit of further growth.

To accelerate the initiatives described above, in June 2021, we established numerical targets for (1) Retail Transition Financing, (2) Carbon Neutrality and (3) Diversity & Inclusion. These targets are shared throughout the Group and collectively titled Long-Term Sustainability Targets, with FY2030 set as the target year. ► pp. 36-39

	Retail Transition Financing ¹	Carbon Neutrality	The Empowerment and Promotion of Women
Targets	Cumulative total of ¥10 trillion (FY2021 to FY2030)	Net zero CO ₂ emissions (By the end of FY2030; Scopes 1 & 2 ²)	10% or greater growth in the ratio of women in various positions from the levels at the beginning of FY2021 (by the end of FY2030) Ratio of female directors and executive officers: 30% or more ³ Ratio of female senior managers: 20% or more ⁴ Ratio of female line managers: 40% or more ⁵
Results	FY2021 Cumulative total of approx. ¥846.0 billion	FY2021 -43% from FY2013 (-4,293 t-CO ₂ from FY2020)	2022 ⁵ Ratio of female directors and executive officers: 15.3% Ratio of female senior managers: 12.8% Ratio of female line managers: 31.2%

1 Financing aimed at supporting customers’ SX efforts
2 CO₂ emissions attributable to energy used by the Group
3 Resona Holdings
4 Sum of six Group companies (Resona Holdings, Resona Bank, Saitama Resona Bank, Kansai Mirai Financial Group, Kansai Mirai Bank and Minato Bank)
5 The ratio of female directors and executive officers is as of June 30, 2022; the ratio of female senior managers and line managers is as of April 1, 2022

Toward Realizing Income and Cost Structure Reforms

Amid a shift in the fund circulation structure and the prolonged trend toward a low interest rate environment, we recognize that eliminating gaps between the earnings power of our banking operations and the operational structure supporting them—namely, our business processes and the cost structure—is an important management issue. In this light, for us to achieve further growth, we need to swiftly transition to a next-generation business model aligned with changes in society even as we stay committed to the deposit and lending business.

To this end, we have identified three specific approaches: (1) pushing ahead with “further development” to raise our earnings power; (2) taking on “new challenges” related to securing diverse profit sources; and (3) “rebuilding our foundations” to thoroughly reform our business process and cost structure.

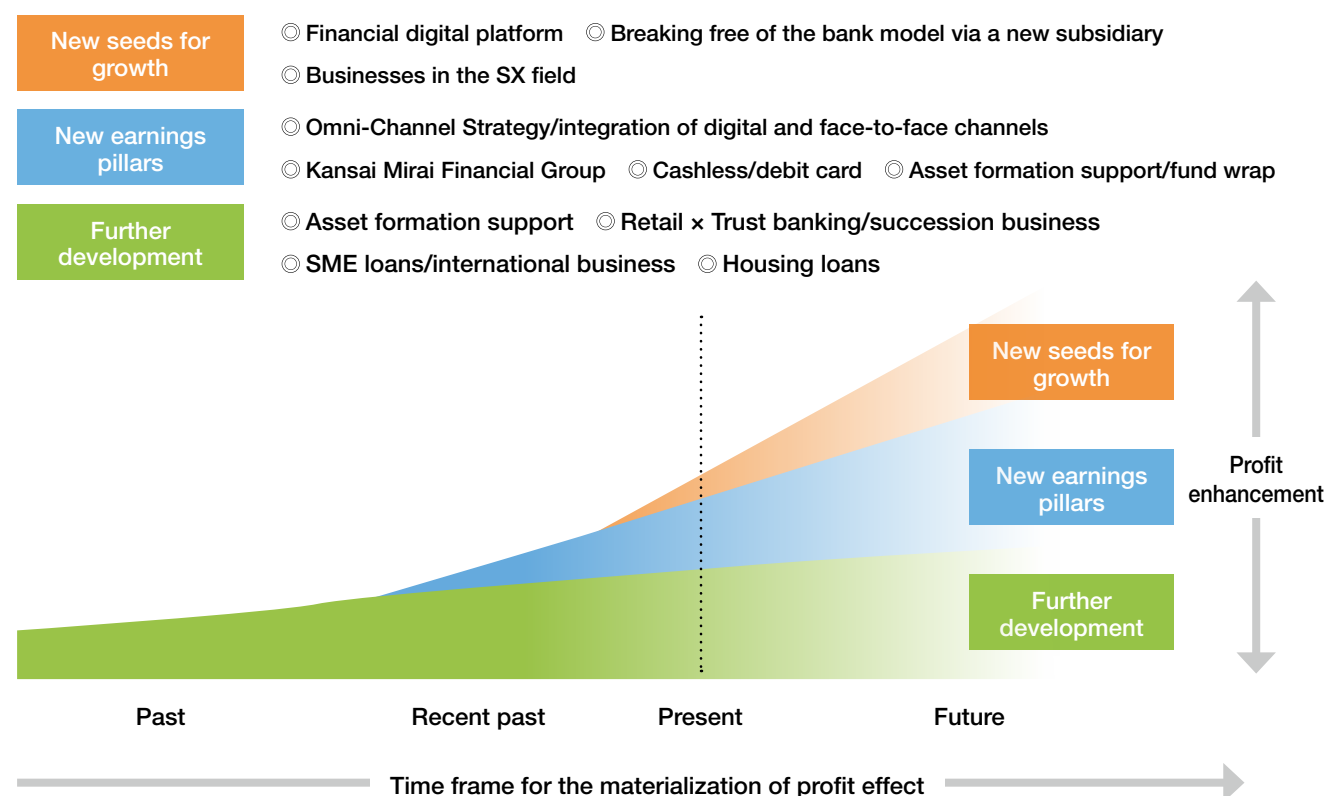
These approaches are, of course, premised on the starting point being addressing customer needs and issues. At the same time, we need to break away from

dependence on traditional concepts and frameworks while enhancing our future competitiveness through the practice of the above approaches.

Within a time frame of 10 years, we aim to transition to an earnings structure in which overall operational costs incurred by the Group are covered by robust fee income supported by the diversification of consulting services, the expansion of our financial digital platform and other endeavors. Although our core income (the sum of net interest income from domestic loans and deposits, fee income and operating expenses) had previously been on an ongoing downward trend that began in FY2007, this indicator made a turnaround in FY2020, and we achieved notable growth totaling ¥13.6 billion, or a rise of 11.7% year on year, in FY2021. This accomplishment clearly exemplifies the steady progress made in the medium- to long-term reform of our earnings structure thanks to the dedication of all Group members.

Ceaselessly Implementing a Cycle of “Sowing Seeds,” “Ensuring Buds Sprout” and “Securing Profitability”

Moving on, I will elaborate on concepts behind the aforementioned reform of the earnings structure and discuss a roadmap for such reform.



Note: The diagram does not indicate the exact volume of or time frame for profit growth.

Further Development

At the Resona Group, “Further development” is defined as efforts to further enhance the inherent strength that it has long cultivated over the course of specialization in the retail business. This also means the ongoing pursuit of our fundamental business endeavor to precisely understand the needs of our customers and deliver optimal solutions to help them resolve the rapidly evolving issues they are confronting.

Take the succession business for example. Through consulting activities, we strive to provide our customers

with in-depth insight regarding the smooth succession of businesses and assets to the next generation. We also offer the asset formation support aimed at helping our customers enjoy a more prosperous future. Solutions in these areas are increasingly becoming sought after in a mature society. Simultaneously, these are exactly areas in which we can take full advantage of the Group’s strength and contribute to the resolution of social issues confronting the country.

New Earnings Pillars

Paying close attention to evolving customer modes of financial behavior, the Resona Group has been ceaselessly implementing a basic cycle of sowing the seeds of new businesses and nurturing them into earnings pillars for the next generation. Currently, we have seen a number of buds robustly sprouting from seeds sown over time in the course of Groupwide business development efforts. Some of these have already gotten on a growth track.

These new businesses were born out of unconventional ideas, frameworks and schemes. We are confident that they will one day constitute a diverse portfolio of our profit sources.

Two years ago, in the 2020 edition of the *Integrated Report*, I touched on new business fields in which we had sown new seeds and expected to see positive outcomes, sharing my expectations for the settlement business, including cashless settlement, and the Kansai Mirai Financial Group (KMFG), which has just become a Group member at that time.

With regard to cashless settlement, the number of debit cards issued has increased approximately 1.5 times from 2,010,000 as of March 31, 2020 to 2,960,000 as of March 31, 2022, in the aftermath of the COVID-19 pandemic. Income from debit cards has grown from ¥2.3 billion in FY2019 to ¥4.3 billion in FY2021, expanding approximately 1.8 times over the course of a two-year period.

As for KMFG, it was only halfway toward achieving its initially planned performance targets when I delivered that earlier message. However, at the time it had already been able to establish a solid footing toward securing that future growth. Since then, KMFG has seen a significant increase in net income from ¥3.9 billion in FY2019 to ¥17.0 billion in FY2021 through the materialization of synergetic effects in aspects of both top-line revenues and cost reductions, becoming a new growth driver for the Resona Group. Furthermore, KMFG’s profit contribution to Resona Holdings’ consolidated operating results over the two years has increased approximately 8.5 times from ¥2.0 billion to

¥17.0 billion once the effect of making it a wholly owned subsidiary in April 2021 is taken into account.

Meanwhile, we have been able to make significant progress in our longstanding endeavor to integrate our face-to-face and digital channels. We expect that this integration will allow us to deliver a genuinely innovative customer experience going forward. Moreover, the integrated channels will serve as a key factor differentiating us from competitors. Regarding the Resona Group App, for example, we recently achieved 5 million downloads, hitting our goal a year ahead of the target set under the MMP, and then established a new milestone of 10 million downloads. These ongoing trends toward “digital,” which enables around-the-clock, bidirectional communications with customers, may possibly lead to a fundamental change in our daily mode of financial services.

On the other hand, to ensure our ongoing ability to meet financial needs that derive from multifaceted and complex issues, it is essential that we pursue the further development of our face-to-face consulting capabilities.





In particular, we must strive for the in-depth understanding of customer needs while constantly enhancing our capability to deliver high-value-added solutions. We must also push ahead with the digital- and data-driven upgrading of our sales approach to make our face-to-face channels more appealing to customers. We believe that success in accomplishing these initiatives will set us apart from competitors going forward.

New Seeds for Growth

Next, I will explain the status of new seeds being sown at this moment in an effort to nurture earnings pillars for the next generation. These seeds include (1) the expansion of businesses in the SX fields; (2) full-fledged business development under a financial digital platform concept; and (3) breaking free of the bank model through the launch of a new subsidiary. Through these new initiatives, we are striving to get ourselves ahead of changes in the business environment.

For example, our financial digital platform is considered to have remarkable potential as an innovative value creation scheme suitable to the digital era. In addition to welcoming regional financial institutions as participants, we intend to develop this platform into a major vehicle for co-creation involving a diverse range of corporations, including those from different sectors. This platform is equipped with multiple collaborative functions to enable simple and speedy business development through API coordination, etc. Through this platform, we will strive to establish “win-win” relationships for the Resona Group, regional financial institutions, private business corporations and local governments as well as the customers of these participants.

In addition, it has been five years since the February 2017 release of our fund wrap. With the balance of the fund wrap exceeding ¥750.0 billion as of March 31, 2022, we are eyeing raising this balance to ¥1 trillion, thereby marking a new milestone.

In FY2021, income from the fund wrap grew approximately 47% year on year to ¥8.2 billion, emerging as a major earnings pillar. Resona’s fund wrap is designed to meet the needs of bank customers who prefer long-term, stable asset management, taking full advantage of our asset management capabilities nurtured over the course of pension management for more than a half century. We also believe that factors supporting the fund wrap’s robust sales include improving customer recognition of this product on the back of a growing need for stable asset management as the age of centenarians nears. Furthermore, the fund wrap has been available through

the Bank of Yokohama since April 2021 thanks to the bank’s participation in our financial digital platform. The Bank of Yokohama saw the balance of investment in the fund wrap rise to ¥40.8 billion (as of March 31, 2022) over the course of the single year that has passed since it started to handle this product. In June 2022, the Keiyo Bank similarly started to handle the fund wrap, while the 77 Bank has begun engaging in joint research in tandem with the Resona Group, with an eye to introducing this product.

With regard to the banking app, we launched strategic alliances with the Joyo Bank and the Ashikaga Bank in the digital field in March 2021. These alliances resulted in the release of an app developed using functions offered by Resona through these two partners. At the end of FY2021, the combined number of this app’s downloads has already reached 690,000.

We believe that the robust results discussed above exemplify the strong possibilities of our financial digital

platform. Going forward, our plans call for making the Resona Group App available through the Hyakujushi Bank and the Keiyo Bank. We will continue to develop strategic alliances with regional financial institutions as we intend to welcome as many like-minded partners as possible.

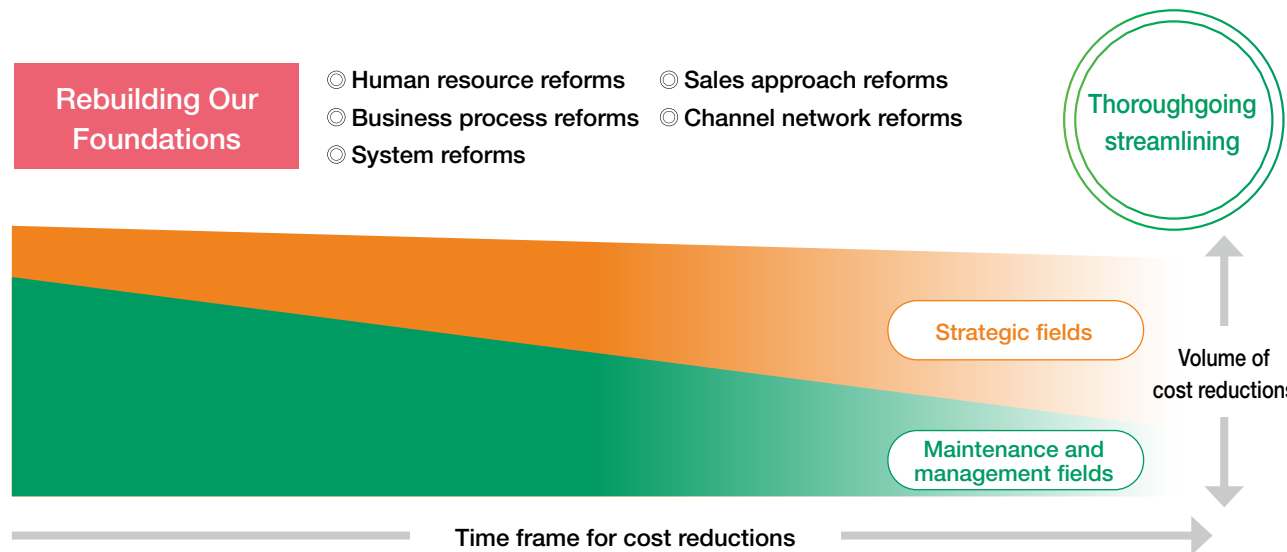
In April 2022, Resona Holdings established the joint venture FinBASE Co., Ltd., with NTT DATA and IBM Japan, in line with efforts to promote the acceleration of collaboration with regional financial institutions and partners from different sectors.

Through this move, the Resona Group hopes to facilitate the development of a novel business ecosystem with a depth and breadth that transcends the constraints of its own resources. We intend to further promote in-depth collaboration with partners within and outside the financial industry, as we push ahead with joint business endeavors that bring together their and our disparate customer bases, expertise and know-how.

Rebuilding Our Foundations

As a retail financial services group, we consider the inherently cost-intensive nature of our retail operations an important management issue that must be overcome. In this respect, technological advancement is key. The integration of digital and face-to-face channels will greatly empower us to create new customer value as well as to accomplish cost structure reforms. We therefore aim to first accelerate the DX-driven overhaul of our business processes so that we will be better positioned to promote the drastic reallocation of management resources, an endeavor we have not yet been able to achieve, while reforming our overall cost structure, including system and channel costs. In these and other ways, we will persistently tackle business process reforms by employing a flexible approach that breaks free of the norms of the banking industry.

As shown in the diagram below, thanks to our cost reduction efforts, trends in base costs and investment costs associated with our conventional business processes have already taken a sharp downturn. At the same time, we are radically shifting our resources to digital-related strategic investment, with the aim of “rebuilding our foundations” and thus supporting next-generation banking operations. The pace of overall cost reductions seems modest because expenditures for digital-related strategic investment overlap with costs for updating existing systems. However, we are making steady progress in the background in terms of developing next-generation business processes. We will further accelerate our endeavors so they yield the tangible enhancements in customer convenience and more significant cost reduction effects.



Note: The diagram does not indicate the exact volume of or time frame for cost reductions.

Human Resources Supporting Sustainable Growth

In line with the current MMP, we are renovating our management platforms to be capable of delivering next-generation retail financial services by updating our human resource practices, organizational structure, business processes, channels and systems in a thoroughgoing and comprehensive manner. Although the details of each initiative are featured on later pages, here I would like to discuss our endeavors related to human resources.

We believe that our ability to deliver new value and happiness to our customers hinges on our human resources. This also applies to our pursuit of reforms and innovation. Based on this belief, in April 2021 we revised our personnel system for the first time in 13 years. With “diversity” and “specialty” as keywords, this revision focused on (1) creating a multi-path personnel system equipped with a total of 19 career courses encompassing various areas of specialty; (2) stepping up the hiring and development of professional human resources with robust competitiveness; (3) renovating our staff training structure to transition to a system in which all employees are involved in consulting services; and (4) introducing multiple options for retirement age.

The Resona Group defines professional human resources

as “individuals equipped with strong specialist skills enabling the resolution of issues customers are confronting and with a personal dedication to enhancing the customers’ happiness.” In line with this definition, we will constantly work to ensure that our employees stay up-to-date in terms of the expertise and competencies needed in evolving times like this moment. Moreover, we will regularly review investment in human resources, basing our assessment on multifaceted perspectives while taking a serious approach to human resource development in order to secure our ability to deliver next-generation financial services.

Simultaneously, we will aim for the speedy enhancement of the Resona Group’s overall organizational capabilities, to this end expanding contact points afforded by business collaboration with excellent external human resources, including those in non-financial sectors, equipped with robust expertise, skills and know-how. As we believe that in the future, a company’s overall competitiveness will be defined by the overall value of its employees, we will strive to nurture diverse individuals equipped with distinctive strengths in their areas of specialty in an effort to enhance the competitiveness of the entire Group.

Direction of Our Capital Management

Among our MMP targets, we aim to achieve an ROE of 8%. However, our FY2022 ROE Target is in the mid 7%–8% range. This is attributable to ongoing fallout from the COVID-19 pandemic, which has persisted since FY2020, and expenses associated with measures to improve the soundness of our securities portfolio. To enhance our earnings power and capital efficiency, we are nevertheless determined to gear up our efforts. After the 2003 “Resona Shock,” we had to strive for more than a decade to both secure funds for the stable repayment of public funds and improve the quality of our capital. Once the public funds were all repaid in 2015, however, we switched our focus to continuously expanding our capital on a quantitative basis while striking a balance between securing financial soundness, raising profitability and delivering robust shareholder returns. Thanks to steadfast effort, we are now about to enter a new phase in which we will bring the utilization of our capital into full swing.

Specifically, we will promote in-depth discussions

regarding our options for both organic and inorganic growth in the course of formulating the next MMP.

We are also aware of the importance of reducing capital costs and intend to robustly address this issue. At the same time, we will steadily push ahead with SX-related initiatives to achieve Long-Term Sustainability Targets while proactively enhancing the content of non-financial information disclosure, a subject that has been drawing growing public attention.

Since 2003, Resona Holdings has operated under the company with a nominating committee system, with its independent outside directors constituting 70% of its Board of Directors’ membership. As such, the Resona Group is equipped with a sophisticated governance structure that, in turn, underpins its strengths. Going forward, we will properly manage diverse risk factors, including environmental issues, to secure robust stakeholder understanding of our sustainability initiatives. In these ways, we will reduce our capital costs over the medium to long term.

KPIs Under the MMP

	FY2020	FY2021	FY2022 (target)	FY2022 (MMP)
Net income attributable to owners of parent	¥124.4 billion	¥109.9 billion	¥150.0 billion	¥160.0 billion
KMFG [Of which, contribution to Resona Holdings’ consolidated income]	¥11.2 billion [¥5.8 billion]	¥17.0 billion [¥17.0 billion]	¥20.0 billion [¥20.0 billion]	¥20.0 billion [¥20.0 billion]
Consolidated fee income ratio	29.9%	34.6%	35% level	Over 35%
Consolidated cost income ratio	65.0%	69.1%	Lower half of the 60% range	60% level
ROE ¹	6.88%	5.63%	Middle of the 7% range	8% level
Common Equity Tier 1 (CET1) capital ratio ²	Approx. 9.0%	Approx. 9.3%	Higher half of the 9% range	10% level
ESG index selected by GPIF (domestic stock) ³	Aim to be adopted for all indices			Aim to be adopted for all indices

1 Net income attributable to owners of parent / Total shareholders’ equity (simple average of the balances at the beginning and end of the term)

2 Based on regulations to be effective upon the enforcement of the finalized Basel 3; excluding net unrealized gains on available-for-sale securities

3 FTSE Blossom Japan Index, FTSE Blossom Japan Sector Relative Index, MSCI Japan ESG Select Leaders Index, MSCI Japan Empowering Women Index (WIN), S&P/JPX Carbon Efficient Index Series

Final Words

In FY2022, we are set to conclude the final year of the current MMP. No matter the changes in the business environment, we will never make excuses but will stay focused on steadily building on the positive outcomes our ongoing income and cost structure reforms have yielded thus far and accelerating these reforms.

The Resona Group is committed to acting as a “running partner” for its customers under any circumstances. In no way can Resona enjoy success unless it can help customers succeed. For Resona, pursuing growth means nothing unless it can deliver the value its customers desire.

This is exactly why we are strongly determined to swiftly adapt to, and remain at the forefront of, changes currently transpiring in this era of increasing uncertainty. We are confident that our efforts will, in turn, help us remain capable of protecting the assets entrusted to us by our customers and of securing sustainable growth for the Resona Group.

Looking ahead, we will continue to do our utmost as a financial group to help resolve issues confronting customers and society as a whole, to this end rallying the combined strength of our 30,000 officers and employees to serve as a partner to all our customers.

We ask our stakeholders for their continued support and encouragement.



A Message from the Executive Officer in Charge of Finance and Accounting



Narunobu Ota
Executive Officer in Charge of
Finance and Accounting Division

Review of Results for the Fiscal Year Ended March 2022 (FY2021)

Throughout the fiscal year ended March 31, 2022, (FY2021), the business environment evolved radically. Along with persistent fall-out from the COVID-19 pandemic, we have seen a drastic rise in geopolitical risks in the second half as well as hikes in U.S. interest rates and the sharp depreciation of the yen. Amid these circumstances, net income attributable to owners of parent was ¥109.9 billion, falling short of the full-year target of ¥145.0 billion.

In large part, the shortfall in net income reflected (1) the implementation of measures to improve the soundness of our securities portfolio, especially our holdings of foreign bonds, in the fourth quarter. We undertook these measures to ensure our ability to respond in a timely manner to the changes in the business environment based on a reevaluation of risks inherent to such changes in light of their speed and magnitude. Also, we recorded (2) additional credit-related expenses because of a revision of classifications assigned to certain borrowers, further dampening efforts to meet the earnings target.

We take such shortfalls vis-à-vis targets seriously and will intensively explore ways to overcome the issues that are their cause, to this end reexamining our mode of securities management with an eye to restructuring our portfolio. At the same time, we intend to practice financial management focused on curbing risk volume until market conditions stabilize.

On the other hand, in FY2021, core income (the sum of net interest income from domestic loans and deposits, fee income and operating expenses) increased ¥13.6 billion year on year, continuing an upward trend begun in FY2020 after prolonged stagnation. Moreover, the profit contribution of Kansai Mirai Financial Group (KMFG), which was made a wholly owned subsidiary in April 2021, has grown significantly. Against this background, fee income hit an all-time best since the inauguration of Resona Holdings, while efforts to reduce base expenses progressed steadily. In sum, we have made solid progress in our income and cost structure reforms.

(Outline of Financial Results for FY2021 ▶ p. 25)

Responding appropriately to changes in the environment (FY2021 4Q)

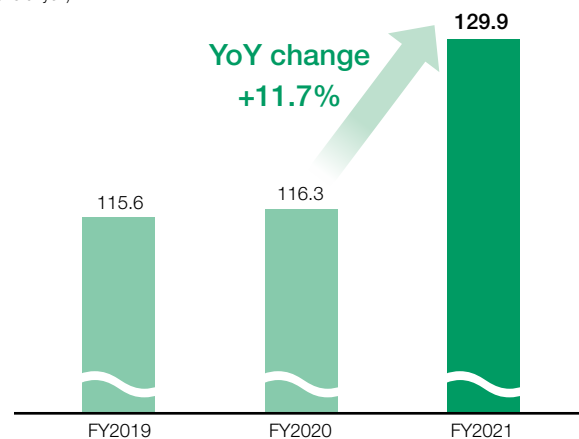
◎ Measures to improve the soundness of our securities portfolio

- Secured flexibility supporting the restructuring of our portfolio as well as its soundness in preparation for further interest rate hikes in the future
- Recorded relevant losses totaling ¥55.0 billion in the fourth quarter

◎ Measures to counter credit risks

- Revised classifications assigned to certain borrowers
- Recorded additional credit-related expenses totaling ¥38.1 billion in the fourth quarter
- No credit extended to businesses in Russia, Ukraine and Belarus
- Stepped up the monitoring of credit status via, for example, increased screening in sectors subject to indirect impact
- Special reserve recorded in connection with the COVID-19 pandemic: ¥8.8 billion as of March 31, 2022

Trend in Core Income (Resona Holdings consolidated)
(Billions of yen)



Forecast for the Fiscal Year Ending March 2023 (FY2022)

For FY2022, we revised our target for net income attributable to owners of parent to ¥150.0 billion, a ¥40.1 billion year on year improvement from fiscal 2021, while our forecast for common dividends per share amounts to ¥21 per share, unchanged from FY2021.

The previous FY2022 target for net income attributable to owners of parent under the current medium-term management plan (MMP) was ¥160.0 billion and our fresh target represents a downward revision of ¥10.0 billion. When determining this revision, we took into account the detrimental effects on profit of costs associated with additional measures to improve the soundness of our securities portfolio as well as our current policy of focusing on risk mitigation for the time being. As the initial effect of the above measures is expected to be a temporary expansion in costs, we will strive to recover profit over the course of the fiscal year and steadily work toward achieving our financial targets.

Moving on, I will explain the earnings targets for FY2022 on a total of Group banks basis. Gross operating profit is expected to reach ¥577.5 billion, a ¥32.7 billion increase from FY2021. Looking at factors affecting gross operating profit, net interest income from domestic loans and deposits is expected to edge down in step with a slight decrease in the loan rate. However, we expect to see growth in fee income from the asset formation support business, which comprises investment trusts, the fund wrap and insurance, as well as fee income from real estate, M&A and

other succession-related operations. Furthermore, other operating income is likely to expand due primarily to the absence of costs associated with measures taken to improve the soundness of our securities portfolio in FY2021.

Operating expenses are expected to be down ¥8.2 billion compared with FY2021 results to ¥381.5 billion. Similarly, personnel and non-personnel expenses are likely to decline ¥4.5 billion and ¥5.0 billion, respectively, from a year earlier. The expected improvement in the latter item is due mainly to a decrease in deposit insurance premiums on the back of the downward revisions of premium rates. Going forward, we will maintain tight control on expenses and, to this end, strive to reduce base expenses even as we step up strategic investments.

Taking the above factors into account, we expect core income to increase ¥13.6 billion from FY2021 while aiming to raise actual net operating profit to ¥196.0 billion, up ¥40.9 billion year on year.

On the other hand, we forecast that net gains on stocks (including equity derivatives) will decline ¥11.0 billion year on year to ¥36.0 billion.

Although we intend to accelerate the reduction of policy-oriented stockholdings on an acquisition price basis, the above forecast factors in a recoil arising from the absence of FY2021 proceeds from sales of stocks with high unrealized gains.

FY2022 Earnings Targets and Dividend Forecasts

Resona Holdings Consolidated Performance Targets

(Billions of yen)	Full-year targets	YoY change
Net income attributable to owners of parent	150.0	+40.1
KMFG's consolidated results	20.0	+3.0
Other differences	14.5	(3.9)

Common Dividends per Share

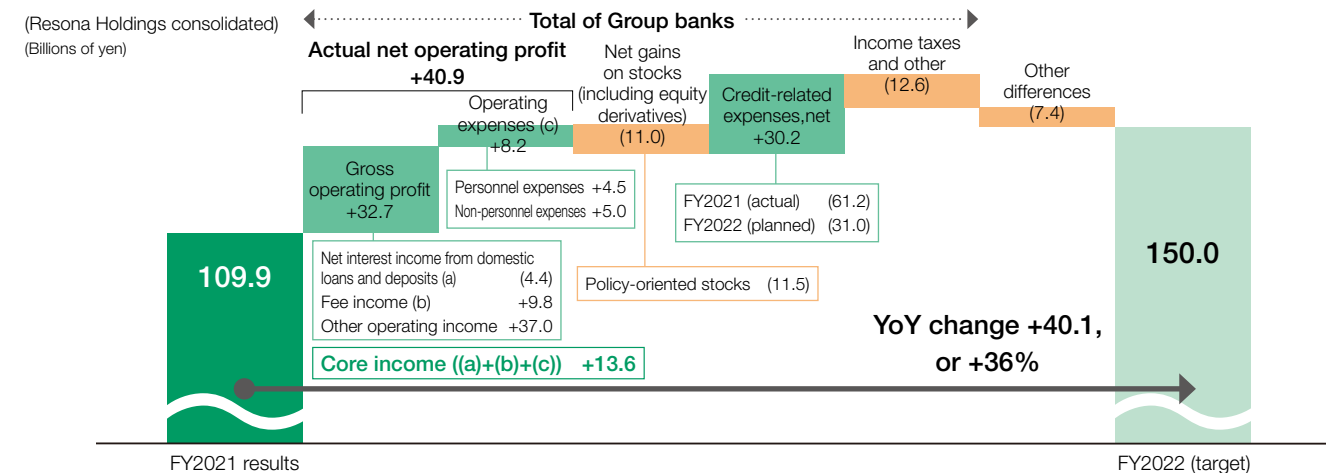
	Dividends per share	YoY change
Common dividends per share (full-year forecast)	¥21.0	—
Interim dividends	¥10.5	—

Total of Group Banks

(Billions of yen)	Full-year targets	YoY change
Gross operating profit	577.5	+32.7
Operating expenses	(381.5)	+8.2
Actual net operating profit	196.0	+40.9
Net gains on stocks (including equity derivatives)	36.0	(11.0)
Credit-related expenses, net	(31.0)	+30.2
Net income before income taxes	190.0	+67.0
Net income	134.5	+47.5
Core income*	121.5	+13.6

Factors Contributing to Differences between FY2021 Operating Results and FY2022 Earnings Targets

Net Income Attributable to Owners of Parent



* Net interest income from domestic loans and deposits + Fee income + Operating expenses

We forecast that credit-related expenses will amount to ¥31.0 billion, a decrease of ¥30.2 billion from FY2021, due mainly to the absence of an additional reserve recorded in said fiscal year in connection with major clients. In addition, none of the Group banks have direct exposure to credit risks related to either Russia or Ukraine. However, businesses run by our customers may be indirectly affected in diverse ways, for example, via lingering supply restrictions. With this in mind, we will maintain in-depth dialogue with our customers while strengthening our monitoring for signs of credit risk, so that we can better support their business management.

We aim to raise the consolidated fee income ratio, a key performance indicator (KPI) under the MMP, to around 35% in FY2022 from 34.6% recorded in FY2021, with an eye to achieving a consolidated

fee income ratio of 35% or more in the final year of the MMP.

With regard to the consolidated cost income ratio, we aim to eventually curb the ratio at around 60% under the MMP and, to this end, are working to improve it to lower half of the 60% range in FY2022 from the 69.1% recorded in FY2021.

To successfully close FY2022, the final year of the MMP, we will strive to deliver solutions aligned with changes in issues customers are confronting in the fields of sustainability transformation (SX) and digital transformation (DX) while rebuilding our foundations for the entire Group and accelerating the creation of synergies with KMFG. In these and other ways, we will promote income and cost structure reforms and ensure that they yield tangible progress to be reported to our stakeholders.

Reduction in Policy-Oriented Stockholdings

Since the 2003 injection of public funds, we have reduced our holdings of policy-oriented stocks by approximately ¥1 trillion via a course of financial reform, well ahead of other Japanese banks. As such, we have focused on reducing our exposure to equity price fluctuation risk.

In recent years, we have steadily reduced our policy-oriented stockholdings in line with a target of reducing such stockholdings by approximately ¥35.0 billion over a five-year period (¥7.0 billion/



year) that began in April 2016. Having achieved a reduction totaling ¥32.6 billion, or 93% of this target, in the first four years, in May 2020 we revised the target, announcing a new goal of reducing such stockholdings by a further ¥30.0 billion in the three-year period (¥10.0 billion/year) beginning April 2020, accelerating the pace of reduction.

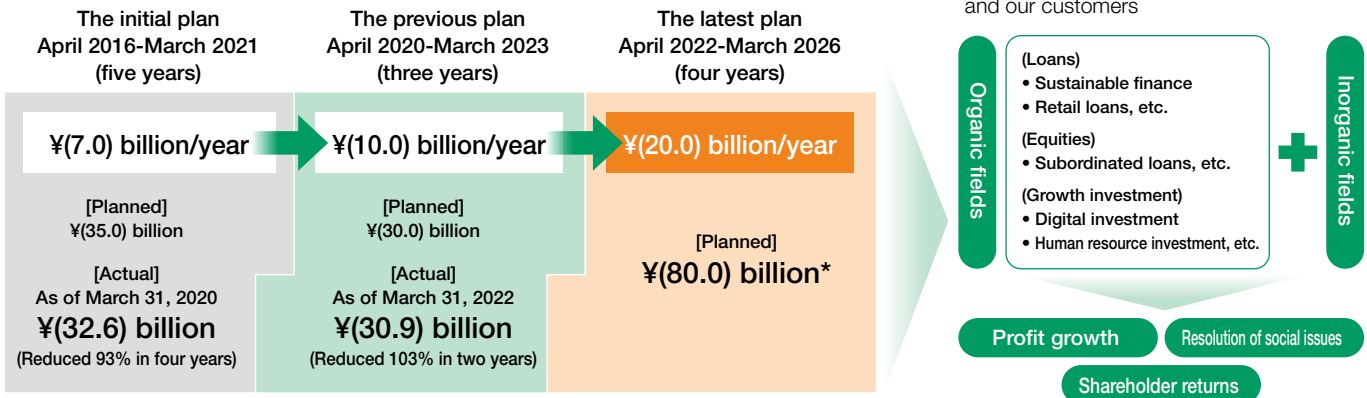
Once again, we were ahead of schedule, successfully achieving a 103% or ¥30.9 billion reduction and surpassing the three-year target in two years. So, in May 2022, we set another new target and now aim to reduce policy-oriented stockholdings by ¥80.0 billion over the course of the four years leading up to March 31, 2026. This represents an annual reduction of ¥20.0 billion, with the pace of reduction set for twice that of the previous target.

It should be noted that comparisons between the acquisition price and the market value of our current portfolio of policy-oriented stocks reveal that the market value of the latest group of stockholdings targeted for reductions over the course of the next four years is approximately ¥250.0 billion. In this way, we will continuously strive to reduce our policy-oriented stockholdings under the new target, pursuing reductions at an even faster pace.

Looking ahead, we will utilize capital freed up via the reduction of policy-oriented stocks to pursue robust organic and inorganic growth, especially in business fields in which we can help resolve issues confronting society and our customers.

◎ A new target aiming for reductions at a doubled pace announced (May 2022)

- Achieved the previous target a year early

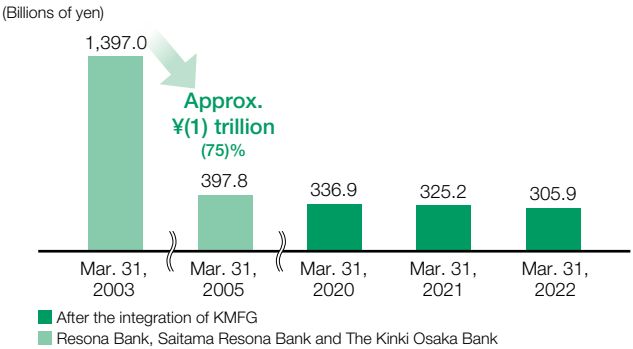


* Reference: Approximately ¥250.0 billion on a market-value basis (calculated based on the market value of the Group's policy-oriented stockholdings as of March 2022)

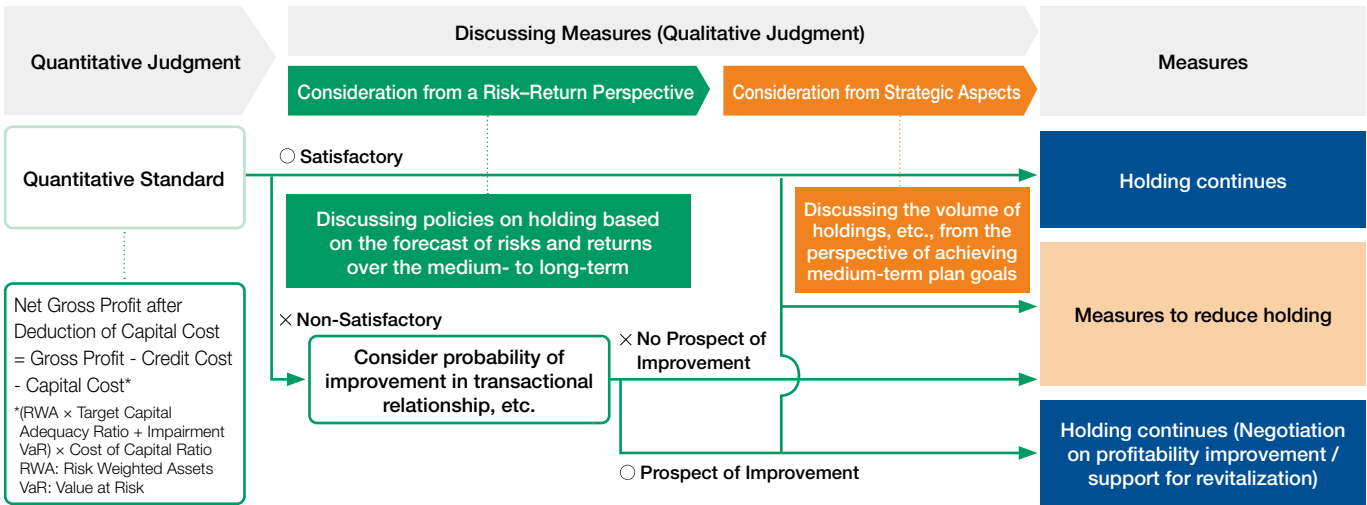
Outline of the Policy for Holding Policy-Oriented Stocks

- Since the capital enhancement with public funds, the Group has worked to reduce its balance of policy-oriented stocks and thereby lessen the risk of price volatility. The Group maintains a basic policy of continuing to reduce the balance of policy-oriented stocks.
- The Group determines whether to hold policy-oriented stocks by evaluating the risks and returns, including the feasibility of developing a trading relationship over the medium- to long-term. The Group may also sell stocks in consideration of the market situation and management and financial strategies, even if it considers the stocks appropriate for holding from the risk-return perspective.

Policy-Oriented Stockholdings (acquisition price basis)



Verification Process of the Value of Holdings of Policy-Oriented Stocks



◎ With regard to the exercise of voting rights associated with policy-oriented stocks, we established the Standards for the Exercise of Voting Rights of Policy-Oriented Stocks, securing a structure for supporting proper voting judgment on individual agenda items and verifying such judgment

- The Resona Group's fundamental stance on the exercise of voting rights (excerpt from the above standards)

The Resona Group will exercise voting rights of policy-oriented stocks based on the following policy:

- (1) Irrespective of interests of transactions with clients, make an effort to vote yes or no on an individual basis from the viewpoint of sustainably improving corporate value;
- (2) Not to exercise voting rights in a manner to resolve certain political or social problems; and
- (3) If any scandal or an anti-social act is committed by a company or corporate manager, etc., exercise voting rights with the intention of contributing to the improvement of corporate governance.

Tax-Compliance Initiatives

The Resona Group upholds a basic policy of complying with the tax-related laws and regulations enforced in all countries and regions in which it undertakes business activities and is committed to appropriately fulfilling its taxpayer responsibilities with respect

for the spirit as well as the rule of such laws and regulations. Accordingly, the Group has established and announced a Tax Policy as outlined below.

Basic Policy

In line with the Resona Standards, the Resona Group shall comply with tax-related laws and regulations while appropriately managing tax-related expenses via the maintenance of a proper tax compliance structure, with the aim of improving its corporate value.

Tax Policy

Also, the Resona Group shall take proper action aimed at ensuring that its business bases maintain appropriate tax compliance in conformity with the laws and regulations enforced by countries and regions in which they operate and that they abide by international taxation guidelines announced by relevant authorities.

Capital Management

In line with its basic capital management policy, the Resona Group aims to maintain an optimal balance between 1) financial soundness, 2) profitability and 3) shareholder return. In addition to maintaining a stable stream of cash dividends, we aim for a total shareholder return ratio in the mid-40% range over the medium term. In these ways, we will strive to further enhance shareholder returns in a way that balances financial soundness and profitability as well as giving due consideration to seizing growth investment opportunities.

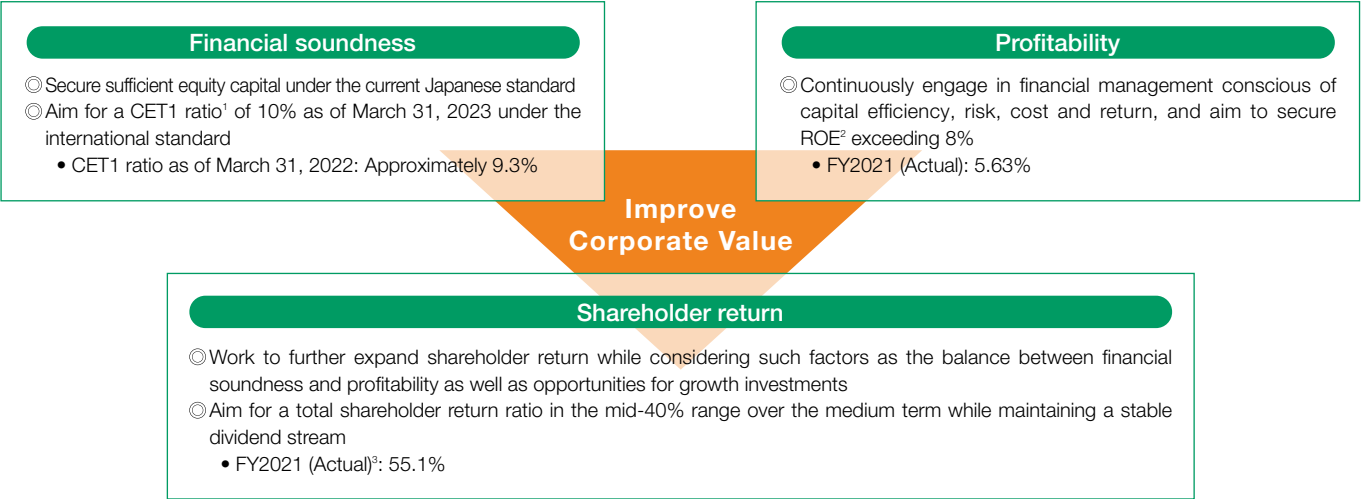
As of March 31, 2022, our Common Equity Tier 1 (CET1) capital ratio (based on regulations to be effective upon the enforcement of the finalized Basel 3; excluding net unrealized gains on available-for-sale securities), which indicates financial soundness, stood at around 9.3%. We expect this ratio to increase to the higher half of the 9% range by the end of FY2022. In addition, ROE (based on total shareholders' equity), a profitability indicator, was 5.63% in FY2021. For FY2022, we anticipate that ROE will grow to the mid-7% range. ROE did not reach 8%, our target under the MMP, in FY2021 and nor is it likely to reach this target in FY2022 due to the

inclusion of actual and estimated costs arising from measures to secure timely response to inherent risks. However, we will push ahead further with income and cost structure reforms and enhance our earnings power while steadily raising capital productivity through the effective utilization of capital.

As for shareholder returns, we executed a share buyback in November 2021, expending approximately ¥10.0 billion, based on our determination to establish a clear roadmap toward the achievement of our shareholder return target.

Since the injection of public funds in 2003, the Resona Group has striven to improve the quality of its capital and, even after the full repayment of public funds in 2015, worked to accumulate a robust volume of capital. Now, we believe that we are about to enter a new phase in which we can step up the utilization of capital. Going forward, we aim to accelerate capital circulation aimed at enhancing our corporate value and, to this end, intend to engage in robust in-house discussions with an eye to incorporating relevant measures into the next MMP.

Making efforts to further expand shareholder returns as our basic policy is to strike an optimal balance between financial soundness, profitability and shareholder return.



Dialogue with Shareholders and Investors

We also place emphasis on maintaining constructive dialogue with shareholders and investors. Seeking to secure sustainable corporate growth and medium- to long-term improvement in the Group's corporate value, we strive to ensure that our shareholders and investors have an accurate understanding of, confidence in and a fair evaluation of the Group's management strategy and financial condition and engage them in various forms of discussion to garner their input, which we reflect in our actions.

Due to the COVID-19 pandemic, as in the previous year, opportunities for face-to-face dialogue were somewhat limited in FY2021. Nevertheless, we have striven to expand opportunities for dialogue via digital platforms, remote interviews with shareholders and investors, online shareholder seminars and web-based briefings for individual investors. We also launched YouTube-based video streaming programs for individual investors.

Opinions voiced by shareholders and investors are regularly reported to the Board of Directors and other bodies to improve our management strategy. At the same time, we endeavor to facilitate employee understanding of the market reputation of and market expectations regarding the Resona Group's business performance.

In addition, one of our aims under the MMP is to ensure our ongoing inclusion in all four of the ESG indices selected by the Government Pension Investment Fund (GPIF). To that end, we are constantly enhancing the content of information disclosure, including disclosure related to our SX initiatives and other non-financial information. In addition, in our efforts to disclose information fairly and impartially, we remain conscious of the need to reduce capital costs through the elimination of informational asymmetry. In these ways, we strive to enhance the content of dialogue with shareholders and investors.

1 Based on regulations to be effective upon the enforcement of the finalized Basel 3; excluding net unrealized gains on available-for-sale securities

2 Net income attributable to owners of parent / Total shareholders' equity (simple average of the balances at the beginning and end of the term)

3 Excluding a share buyback undertaken to neutralize the dilutive effect on EPS of making KMFG a wholly owned subsidiary

Outline of Financial Results for FY2021

Net income attributable to owners of parent was ¥109.9 billion, down ¥14.5 billion or 11.6%, year on year, falling short of our target of ¥145.0 billion.

In large part, the shortfall in net income reflected (1) the implementation of measures to improve the soundness of our securities portfolio in the fourth quarter. Also, we recorded (2) additional credit-related expenses because of a revision of classifications assigned to certain borrowers, further dampening efforts to meet the earnings target.

Consolidated gross operating profit declined ¥37.1 billion from FY2020 to ¥601.9 billion.

Net interest income from domestic loans and deposits decreased ¥2.3 billion from the previous fiscal year to ¥337.9 billion. The annual average loan balance grew 2.42% year on year, while the loan rate declined 0.03%. Both of these indicators trended in line with the plan. The decline in the loan rate stayed small, indicating that this decline can be mostly offset by growth in lending volume.

Fee income rose ¥16.8 billion or 8.7%, year on year to ¥208.3 billion, hitting an all-time best since the inauguration of Resona Holdings.

On the other hand, net gains on bonds (including futures) decreased ¥67.9 billion year on year to net losses of ¥53.8 billion, serving as a primary factor leading to a significant decline in consolidated gross operating profit. These losses are mainly attributable to the implementation of measures to improve the soundness of our portfolio of foreign bonds and other instruments on the back of rapid hikes in U.S. interest rates.

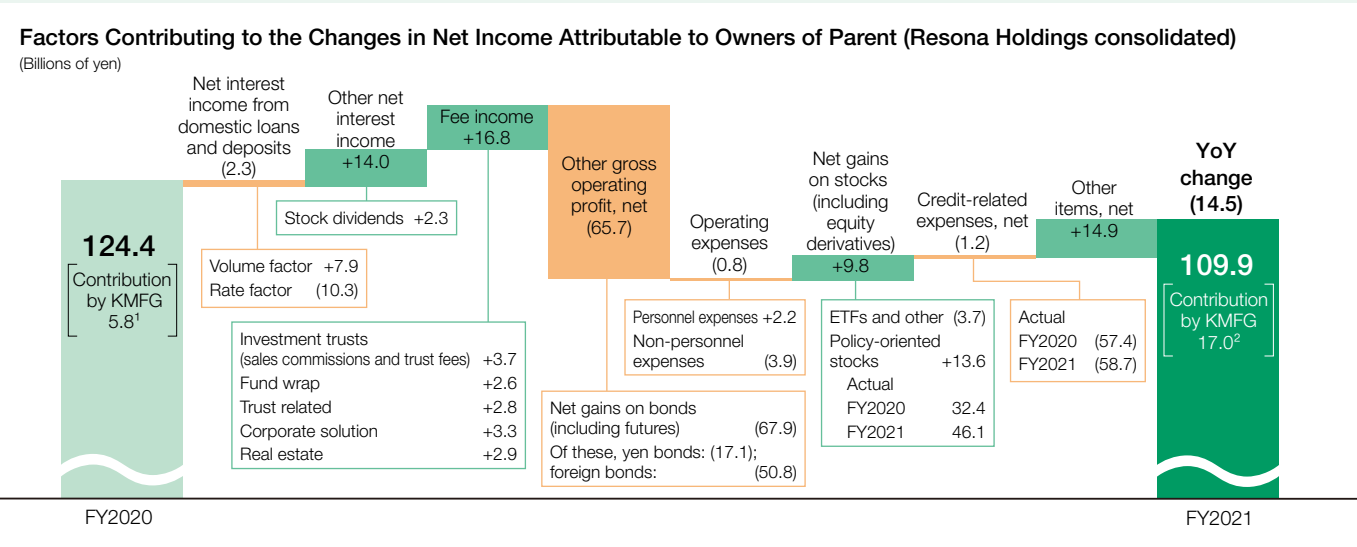
We have also recorded operating expenses of ¥416.3 billion, a year-on-year increase of ¥0.8 billion. Although this increase reflects growth in non-personnel expenses associated with the introduction of new branch systems at Resona Bank and Saitama Resona Bank, the overall volume of expenses has still been kept at a level below the initial plan for FY2021, thanks primarily to steady progress in cost reductions undertaken by KMFG and other reductions in the Group's base expenses.

Net gains on stocks (including equity derivatives) rose ¥9.8 billion year on year to ¥47.1 billion, reflecting progress in the reduction of policy-oriented stockholdings and other factors.

Credit-related expenses increased ¥1.2 billion from the previous fiscal year to ¥58.7 billion, exceeding the level set in the initial plan for FY2021, due mainly to the fourth-quarter revision of classifications assigned to certain major borrowers that have become subject to rehabilitation support in the face of supply restrictions and other repercussions of the COVID-19 pandemic. However, if these borrowers are excluded, the specific reserve for possible loan losses has been quite stable. Therefore, we have concluded that the overall quality of our lending assets has not deteriorated.

Financial Results Overview (Resona Holdings consolidated)

(Billions of yen)	FY2021	
		YoY change
Net income attributable to owners of parent	109.9	(14.5)
Gross operating profit	601.9	(37.1)
Net interest income	429.1	+11.7
Net interest income from domestic loans and deposits	337.9	(2.3)
Fee income	208.3	+16.8
Fee income ratio (%)	34.6%	+4.6%
Other operating income	(35.5)	(65.7)
Net gains on bonds (including futures)	(53.8)	(67.9)
Operating expenses (excluding Group banks' non-recurring items)	(416.3)	(0.8)
Actual net operating profit	186.0	(37.9)
Net gains on stocks (including equity derivatives)	47.1	+9.8
Credit-related expenses, net	(58.7)	(1.2)
Other gains, net	(18.8)	+0.7
Net income before income taxes and non-controlling interests	155.6	(28.6)
Income taxes and other	(45.5)	+9.0
Net income attributable to non-controlling interests	(0.1)	+5.0



1 KMFG's consolidated net income x 51.2% (1Q – 3Q) and x 60.4% (4Q)

2 KMFG's consolidated net income x 100%



Helping Strengthen the Focus of the Board of Directors by Leveraging Group “Chemistry” to Enable Deliberations on What Is Truly Essential

Fumihiko Ike
Chairman of the Board

Q Please share your impression of the outside director duties you have engaged in over the course of the past year since your appointment.

A After I retired from a chairman position at a manufacturer four years ago, I took a break from corporate management. Then, in 2020, I was appointed as an outside director at other company. And, just as my corporate manager intuition started coming back to me, Resona Holdings similarly offered me an outside director post.

In Japan, everybody by and large has a relationship with a bank as a consumer or a business operator. In this sense, banks are pretty familiar to all of us. I, myself, had been the CFO of a corporation and engaged with bankers through business. Because of this, I had thought I had a certain degree of knowledge about banking operations. However, once I stepped into the world of banking as a director, I found a number of things to be unfamiliar to me.

Banks fulfill extremely important functions supporting the social infrastructure. This is why the banking industry is heavily regulated by the Banking Act and other laws, which I began to study from the basics. As an outsider to the financial industry, I often find it difficult to comprehend the jargon used by bankers as I lack the knowledge of and literacy in these highly specialized terminologies. This was my first impression.

Q Please share your assessment of the features of the Resona Group’s governance systems.

A The most notable feature of the Group’s governance systems is the company with a nominating committee system, which it adopted

ahead of other companies. I believe this makes the Group a forerunner among Japan’s listed companies in terms of corporate governance.

Notably, the Board of Directors includes seven independent outside directors, who together account for more than two thirds of the 10 directors. The revised Corporate Governance Code, announced in June 2021, sets forth a basic requirement for companies listed on the Prime Market, stipulating that independent outside directors must constitute at least one third of board members. As far as I know, companies whose outside directors make up the majority of the board account for less than 8% of the overall number of listed businesses. I therefore consider the representation of the Group’s outside directors to be quite remarkable.

Q Could you describe the benefits arising from that feature in terms of the Board of Directors’ operations?

A At the Resona Group, outside directors are appointed from among former corporate managers, ex-government officials, academic specialists and other individuals with diverse backgrounds. This composition makes it possible for the Board of Directors to engage in multifaceted discussions that avoid skewing too far into the banker perspective.

Of course, all outside directors have to take on, prior to each meeting, the tough task of studying a large volume of material in a short period of time. However, the executives always provide us with detailed explanations through prior briefings. I usually pose a variety of questions at these briefings to enhance my understanding of each topic. Although executives are asked to start with securing the understanding of outsiders like me, I feel that this briefing process also helps them refresh their recognition of the matter being discussed through the “chemistry” arising from exchanges of ideas.

Q How do you bring to bear your experience and skills as a corporate manager?

A Although, as I stated earlier, the Group’s Board of Directors is equipped with a diverse membership, I believe that corporate management experience constitutes an especially important element among the diverse competencies directors can employ. While I in no way possess in-depth academic expertise, as a former corporate manager I can reach judgments based on empirical rules backed by experience in business management. Some people may prefer to call it “intuition.”

No business evolves like a textbook example. Rather, just like living creatures, businesses are constantly confronting an ever-evolving environment and required to respond to a variety of risks, including some that are unexpected. Of course, no set of empirical rules can ever serve as a one-size-fits-all solution. However, I believe that instincts cultivated over many years and intuition developed in the course of handling varied circumstances will not go waste. Whenever I sense something suggested at a Board meeting to be jarring, I always say so to the other Board members. A number of times, someone in the Board room has been able to furnish a convincing explanation of the matter that I’d had a problem with and not understood because of a lack of knowledge in a particular area. However, when I remain unconvinced even after hearing an explanation, I always try to figure out what it is that is striking me as wrong. In this way, I strive to contribute to in-depth discussions focused on truly essential factors.

Q Could you name the differences between corporate management at a business company and a financial institution?

A Our economic and social activities are supported by the flow of money. In sum, finance serves as the fundamental infrastructure underpinning a diverse range of businesses operating in different formats. I believe that, considering this structure, there are fundamental differences between financial and non-financial business institutions.

For example, when banks extend financing to corporations, they tend to view the business operations undertaken by their clients purely from the standpoint of financiers. On the other hand, individual corporations operate using widely different models. The Resona Group maintains transactions with hundreds of thousands of corporate customers and, through them, engages with diverse sectors. This puts the Group in a position to obtain an extensive range of business insights. At the same time, I also have to say that Resona’s insights are largely grounded in a financier’s perspective. I would recommend the Group’s management to remain conscious of possible biases arising from that perspective.

When it comes to exercising “intuition,” mine largely springs from my experience in the manufacturing sector. Accordingly, I would like to engage with representatives from diverse business sectors while working with Resona Group executives equipped with intuitive judgment capabilities in differing areas of banking operations so that we can inspire each other.

Q The Resona Group has positioned sustainability transformation (SX) and digital transformation (DX) as two pillars of sustainability management. Please share your opinions about this positioning.

A Today, amid the so-called fourth industrial revolution, we are seeing radical changes affecting not only industrial structure but also social structure. These changes are impacting any and all sectors, both financial and non-financial. Also, businesses are facing a growing public pressure around the globe for initiatives to address sustainability, ESG and other social issues. Simultaneously, they need to align their operations with evolving value systems and modes of behavior among consumers. In a time of sweeping change like this moment, the Resona Group is a forerunner as it steps forward to promote SX and DX. On this point I rate the Group highly.

No matter their size, nearly every business corporation is now being called upon to promote SX and DX. On the other hand, I suspect that it is difficult for many businesses to develop a tangible vision regarding what it is exactly that they should be doing.

Given these circumstances, the Resona Group has started by helping corporate customers, including SMEs, gain a robust understanding of SX and DX. The Group’s SX- and DX-related efforts have only just begun, but right now I suspect that nobody in the business community is positioned to suggest a universally agreed-upon definition of good sustainability initiatives. The Group itself is undergoing a process of trial-and-error. On the other hand, our Cross Functional Teams are currently implementing a variety of initiatives that break free of the bank model, while the Regional Design Laboratory of Saitama is engaged in community building assistance. These activities suggest that the Group’s efforts to develop new business models are gradually yielding positive outcomes. That being said, it is still early days for the Group. Taking the first step forward is a commendable decision, but it is important for the Group to determine how to gain a greater presence as an advocate for SX and DX through its future initiatives.

I believe that discussions regarding these subjects at the Board of Directors should focus first on building a shared recognition of the current situation. Many of the Resona Group’s outside directors have experience as directors at diverse companies, with some individuals concurrently holding director posts at non-Group companies. If the Board of Directors were to share and leverage these individuals’ experience and insights gained in the course of their engagement in differing business sectors, it would be better positioned to engage in-depth discussions regarding SX and DX. That said, I think that the Group is ready to develop its own model for genuinely effective SX and DX by employing these and other inputs.

Q Could you share your thoughts regarding what must be done to make SX and DX genuinely effective?

A I believe that the Group should not blindly follow the latest trends; rather, it should clearly redefine these trends in its own terms and share such definitions across the workforce. It can be stated that Japanese corporations have always followed trends originating in Europe, be it corporate governance, SDGs or ESG. The same applies to the stewardship code. Businesses in Japan developed their stewardship model based on the European model just as they did when incorporating the corporate governance code.

When I was serving as chairman at a manufacturer six or seven years ago, domestic discussions regarding stewardship and corporate governance largely focused on establishing the forms it would take. Back then, I rarely saw anyone who could envision how to make these systems genuinely effective. However, these trends have changed lately. We are now seeing a growing shift toward developing truly effective corporate governance systems backed by a stronger sense of ownership among businesses.

Similarly, the Resona Group is equipped with a widespread culture oriented toward enhancing the effectiveness of corporate governance. For example, executive officers who attend its Board of Directors meetings are urged to proactively participate in discussions. Above all, no Board member is inclined to prioritize maintaining a comfortable position over engaging in meaningful deliberations.

Q Please also share your opinions regarding what must be done to upgrade the Group's corporate governance systems.

A The Resona Group's governance structure differs slightly from that of a pure holding company system. While each Group bank appoints outside directors on its own, executive officers at Resona Holdings concurrently serve as presidents or executive officers at the former. I think the Group's governance structure has evolved into the current format in the course of Resona Holdings' pursuit of an optimal governance approach since the 2003 "Resona Shock" and major reforms undertaken subsequently.

Based on the aforementioned structure, Resona Holdings and Group banks under its umbrella engage in integrated business management. I think this structure is also intended to prevent management from becoming ill-informed about operations on the front lines, where employees come into direct contact with customers. This enables top management to closely align their perspectives with actual customer circumstances. Thus, the Group's governance structure can be considered effective and functional in terms of supervising business management.

However, we have also seen a drastic shift in the business models preferred by general consumers. With recent legislation making it possible for banks to handle non-financial businesses, the barriers that have protected the financial industry against newcomers have also lowered. As a result, we are seeing digital platform operators and other non-financial players making entries into the industry one

after another. This tendency is particularly profound in the field of payment. Since the breakout of the COVID-19 pandemic, the mainstay consumer mode of behavior has radically shifted from face-to-face to non face-to-face purchasing, leading to the widespread popularity of cashless settlement and other payment methods. This trend seems to have progressed to the point where settlement is possible without the intervention of a bank. So, we must be aware that one day people might possibly start asking "Do we really need banks?"

The Resona Group is, of course, aware of this possibility and, in response, intends to take on the challenge of breaking free of the bank model and developing a new mode of operations that transcends the conventional scope of financial businesses. However, in my opinion, Resona Holdings executives who concurrently serve at Group banks could be inclined to focus too much on existing businesses when participating in discussions regarding the expansion of Group operations to encompass new businesses outside the scope of conventional banking operations. Concerns related to their concurrent positions could possibly distract them from their engagement in endeavors requiring "out-of-the-box" concept building. I would like them to be always conscious of this possibility. However, should the Group adopt a governance structure that completely separates the holding company from the banks, the latter of which maintain direct contact points with customers, the holding company would be deprived of management capabilities informed by input gleaned at frontlines. With this in mind, I personally believe that aligning management's mindset toward the creation of new businesses and services will be a matter of importance.

Lately I've been seeing a lot of diagrams offering up various businesses' visions for digital platforms connecting a range of differing sectors in the face of a growing business model shift transcending industrial boundaries. If the Resona Group were to create a major platform of this kind—creating connections among widely differing players irrespective of their sectors—and to introduce such platform for use by the general public, it would need to further advance collaboration with external partners.

Meanwhile, digital platform operators are currently expanding their fields of operation by taking full advantage of data they have accumulated, and their services are helping to connect diverse sectors. However, as some major platforms are now considered to have grown too big to be left unregulated, there has been an emerging trend in such regions as Europe toward restricting the use of data accumulated by these operators on the back of looming concerns about privacy protection. We must pay attention to this trend, too.

In this light, traditional financial institutions have an advantage over newcomers in terms of public trust. This hard-earned trust is backed by their tireless efforts to maintain and deliver safe and secure services. As long as finance is the mainstay of the Resona Group's operations, it should never compromise about maintaining that trust. The Group should therefore develop a digital platform via the use of external partnerships and play its part in introducing such platform to society even as it steadfastly maintains its inherent strength backed by customer trust in its mainstay business. Thus, the Group's breaking free of the bank model will be a quite challenging task.

As a supervisory body, the Board of Directors is expected to exercise robust monitoring over the initiatives discussed above, paying close attention to such matters as the rationales supporting the Group's engagement in each partnership endeavor.

Q In June 2022, you assumed the position of Chairman of the Board. Please describe your vision regarding how to lead the Board of Directors' discussion.

A Today, public expectations regarding the effectiveness of boards of directors are remarkably high. News coverage of recent corporate mishaps has refreshed my awareness of the heavy burden of responsibility borne by boards of directors. These incidents also hit home for me that those in the position of chairman are particularly responsible for exercising robust governance.

I am the first outside director to become Chairman at the Resona Group. I think corporations whose boards of directors include chairpersons appointed from among outside directors currently account for only 3% of the companies listed on the Tokyo Stock Exchange's Prime Market. Although I, personally, am not sure about whether appointing an outside director as chairman could one day emerge as a mainstream method for securing an effective corporate governance system, my assuming this position can be, at present, deemed a quite progressive stance.

I have previously served as a corporate chairman. However, my previous position was at a company I had served at for many years and one where I was already well-versed in its operations. On the other hand, I have served at the Resona Group for only a year. I am currently pondering the various approaches I could take to handling my duties and fulfilling my responsibilities as Chairman of a financial institution. At the same time, I often invite other directors who have extensive experience to join me in contemplating what Resona Holdings' Board of Directors ideally should look like.

To date, the Resona Group has consistently aligned its governance structure with the prevailing environment and circumstances. For example, Resona Holdings, which supervises overall governance of the Group, has assumed a portion of frontline business operations, rather than simply acting as a holding company. In other words, the Resona Group has developed its consolidated governance framework based on a unique take on what a holding company is, assigning it a broader range of functions than is typically expected.

Since its inauguration around two decades ago, Resona Holdings has gone through a number of challenges and evolved into its current form. I am well aware of this.

However, should the traditional bank-focused mindset persist within its workforce, the Company will need to push ahead even harder with further reforms of employee awareness in order to navigate the current environment, which is demanding that it transition to a new model at an ever-faster pace.

To overcome the challenges arising from this environment, the Resona Group may also have to reexamine its current systems, which reflect the development of integrated business management encompassing both the holding company and Group banks.

I think that, as a Chairman appointed from among the outside directors, I am expected to facilitate some kind of "chemistry" among the Board members in the course of discussions on these matters. In this sense, I believe that my role here is to lead the Board of Directors in a way that encourages other Board members to incorporate fresh perspectives and helps them better focus on discussing what is truly essential. I will do my best to fulfill these duties until the end of my current term. After that, I will entrust the Nominating Committee to pass judgment on my performance.

Q Lastly, do you have any messages to share with readers?

A For the Board of Directors to enhance the effectiveness of its operations, it is important to step up engagement with all stakeholders.

In this light, outside directors, including myself, are being called upon to assume major responsibilities to provide executives with insights into what stakeholders have to say about the Resona Group. Accordingly, outside directors should not only contribute expertise in their areas of specialty but also deliver robust input regarding stakeholder expectations and concerns to executives at each Board of Directors meeting. Once these endeavors are successful, the Board of Directors will be empowered to engage in in-depth discussions.

With this in mind, I would also like to work in tandem with stakeholders to determine the roles the Resona Group is expected to fill and the most desirable future direction for its operations. Therefore, I invite readers to provide us with honest feedback, be it on matters of their interest, their expectations for the Group or concerns about what it is doing, by taking advantage of the various opportunities for dialogue that are available to them.

Through multifaceted engagement with stakeholders, we will gradually fill informational gaps on both sides in order to help navigate the Group in the right direction. I would ask stakeholders for their support of these endeavors.



Identifying Material Social Issues That Should Be Tackled by Resona

Having analyzed various environmental and social issues, including those specified by United Nations Sustainable Development Goals (SDGs), we have identified four priority themes that represent fields in which Resona must actively tackle issues confronting society in light of their significant affinity with the Resona Group’s business operations.

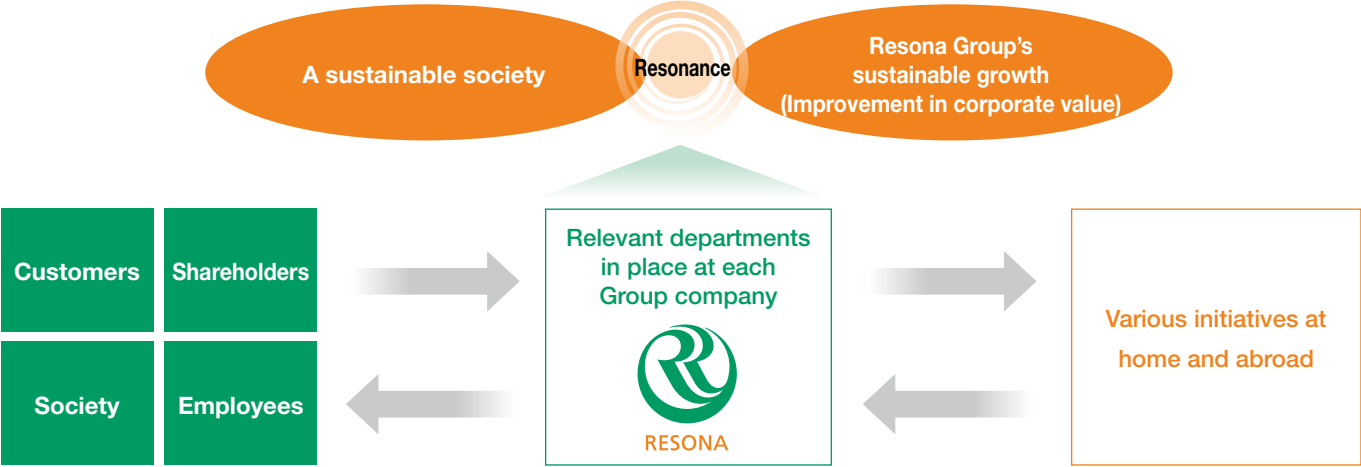
These priority themes are disclosed via the announcement of “Resona Sustainability Challenge 2030 (RSC2030).”
In addition, we anticipate that our initiatives to address these priority themes will affect the accomplishment of all 17 SDGs directly and indirectly due to our relationships with diverse stakeholders.

Our Process for Identifying Material Social Issues



Stakeholder Dialogue and Collaboration (Engagement)

We practice stakeholder engagement on three fronts: (1) Relevant departments in place at each Group company directly engage with key stakeholder groups to address specific themes; (2) Relevant departments in place at each Group company conduct intragroup engagement based on input gleaned via dialogue with stakeholders and ESG evaluation agencies; and (3) Relevant departments in place at each Group company participate in and declare support for various initiatives. Taking advantage of a variety of methods, we are striving to maintain robust engagement so that we can accurately assess opinions, expectations and other inputs from diverse stakeholders and reflect such inputs in business management in order to enhance the qualitative and quantitative aspects of our corporate value.



(1) Dialogue and Collaboration with Key Stakeholder Groups

The Resona Group has established the Resona Way (the Resona Group Corporate Promises), which translates its Corporate Mission into a basic stance toward each stakeholder group. With the aim of simultaneously achieving a sustainable society and sustainable growth (improvement in corporate value) for the Group, relevant departments at each Group company work to engage in constructive stakeholder dialogue in line with the Resona Way.

Resona Way (Resona Group Corporate Promises)	Direction of Dialogue and Collaboration
Customers Resona cherishes relationships with customers.	We strive to deliver ever better services and solutions, including those designed to assist in the customer pursuit of SX, by drawing on feedback gleaned in the course of customer communications via multilateral channels, including bank counters, sales staff, call centers and our corporate website.
Shareholders Resona cherishes relationships with shareholders.	We work to achieve sustainable growth for the Group and medium- to long-term improvement in corporate value by maintaining in-depth and constructive dialogue with shareholders and investors via the General Meeting of Shareholders, shareholder seminars and other IR activities.
Society Resona places importance on its ties with society.	We endeavor to help realize a sustainable society by engaging in social contribution activities, providing financial and economic education and participating in government-private collaboration aimed at vitalizing regional communities.
Employees Resona highly regards employees' dignity and personality.	We work to develop and ensure an employee-friendly workplace environment in which everyone can feel a greater sense of job fulfillment via awareness surveys targeting the entire workforce and the direct exchange of opinions between management and employees, with the aim of becoming a model bank for future generations.

Main Examples of Engagement Activities

- Holding customer interviews on SX and SDGs
- Enhancing product and service lineups for customers
- Creating frameworks for heeding customer opinions (questionnaires, call centers, etc.)
- Implementing initiatives for socially responsible investing and lending (▶ p. 45)

Resona staff engaging in customer dialogue (prior to the COVID-19 pandemic)

- Pursuing IR activities targeting individual investors
- Engaging in dialogue with domestic and overseas institutional investors and analysts
- Holding the General Meeting of Shareholders and shareholder seminars
- Ensuring fair, timely and appropriate information disclosure

Online shareholder seminar

Seminar employing YouTube-based streaming

- Social contribution activities
- Dialogue and collaboration with local communities
- Dialogue with investee companies
- Dialogue and collaboration with NPOs

Number of employees participating in Re: Heart Club' activities

Cumulative total: Approx. 52,000 (since 2012)

Number of children who attended Resona / Mirai Kids' Money Academy

Cumulative total: Approx. 42,000 (since 2005)

- Employee awareness surveys
- Town hall meetings in which top management and employees exchange opinions
- Round table discussions involving President and employees
- Resona Women's Council²

Online meeting of the Resona Women's Council

Round table discussion attended by President

(2) Intragroup Engagement and Collaboration

Based on input gleaned via engagement with stakeholders and ESG evaluation agencies, relevant departments at Group companies engage in dialogue themed on business strategies, ESG issues and other subjects in an effort to push ahead further with their initiatives and enhance the content of information disclosure. The status of progress and improvement in these initiatives is reported to the Board of Directors, the Executive Committee, the Group Sustainability Promotion Committee and other bodies.

(3) Participation in Initiatives

In light of requests from international society and our role as a financial institution, we promote across-the-board efforts to realize a sustainable society and, to this end, participate in and declare our support of various initiatives at home and abroad.



1 A volunteer organization run by Resona Group employees
2 An advisory body operating directly under top management, the council was created to reflect the voices of female employees in business management

Toward the Creation of a Sustainable Society

Resona's Definition of Sustainable Society

A society in which people support each other both in the present and for the sake of future generations and in which each individual is empowered to fully realize their unique personality and potential with the shared hope of creating a brighter future

Promoting Sustainability Transformation (SX)

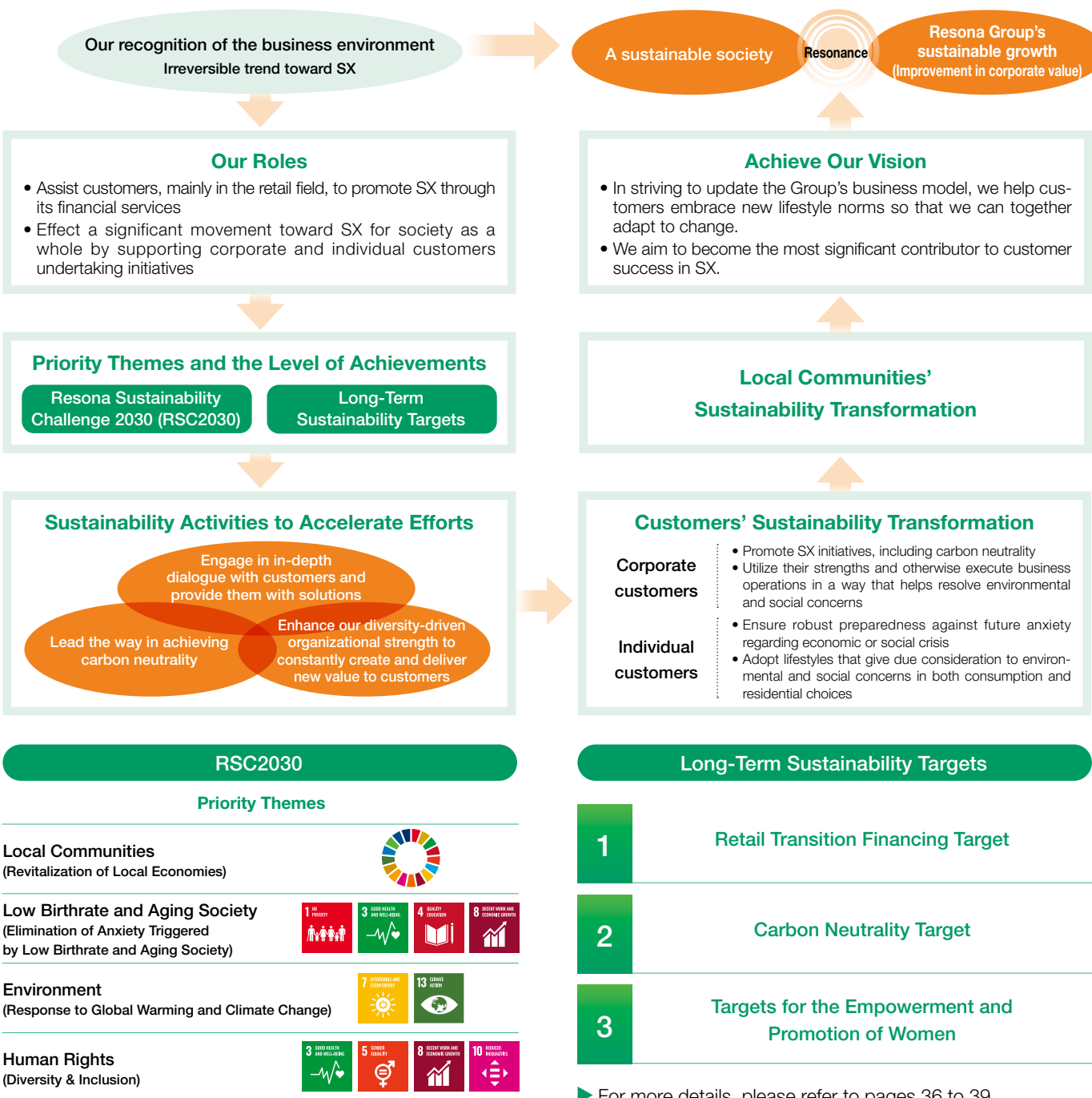
Today, we are seeing a growing and accelerating trend toward sustainability across all of society amid the ever-stronger public call for the realization of a sustainable society.

In order for the Resona Group to sustainably improve its corporate value on the back of this irreversible trend, promoting SX is essential. This means not only pursuing SX for the Resona Group itself but also

assisting our customers, who have supported the Group to date, in their efforts to respond to the tides of change.

With this in mind, the Resona Group is promoting SX based on the framework described below in order to ensure that its policies for SX-related initiatives are practiced by all Group members and to accelerate the pace of such initiatives.

A Framework for Promoting SX



► For more details, please refer to pages 36 to 39.

Value Creation Story

Initiatives to Improve Corporate Value

Mechanisms Supporting Sustainable Growth

Financial / Non-Financial Information and Corporate Data

Resona's Business Activities

- Having identified priority social issues that must be tackled by the Resona Group, we will strive to resolve such issues through our business activities.
- As a locally rooted financial institution that has long been supported by communities, we will also pursue business activities aimed at helping customers and local communities secure sustainability.

The Relationship between Our Three Long-Term Sustainability Targets

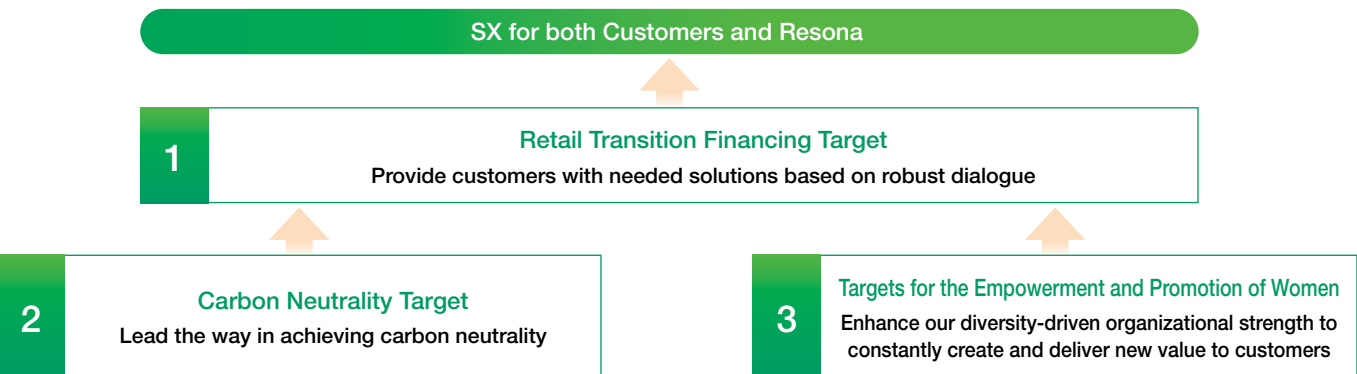
Our Long-Term Sustainability Targets, announced in June 2021, consist of three target categories. These targets were not formulated separately.

The Retail Transition Financing Target is associated with our efforts to provide our customers with needed solutions determined through robust dialogue with them, and is a direct target vis-à-vis our vision of SX for both customers and the Resona Group.

Meanwhile, the Carbon Neutrality Target is meant to establish our position as a pioneer in this area. We need to lead the way by first pursuing carbon neutrality—a difficult challenge—ourselves if we are to help our customers understand the importance of carbon neutrality

initiatives and help them navigate the various difficulties that will come their way.

As for the third target, for us to steadily support customers' SX in the face of the accelerating shift in the business environment, we need to be capable of constantly creating and delivering new solutions. To this end, we aim to push ahead further with women's empowerment, building on the outcomes of the ongoing empowerment efforts that lend the Resona Group a distinctive strength in terms of diversity-driven value creation. Thus, we have established Targets for the Empowerment and Promotion of Women.



Resona Group Sustainability Basic Policy (March 2022)

In March 2022, the Board of Directors resolved to approve the Sustainability Basic Policy, which summarizes the Group's stance on initiatives to promote sustainability going forward as well as the desirable direction of business operations, based on a fresh reexamination and discussion among Board members of relevant approaches and concepts the Group has developed to date.

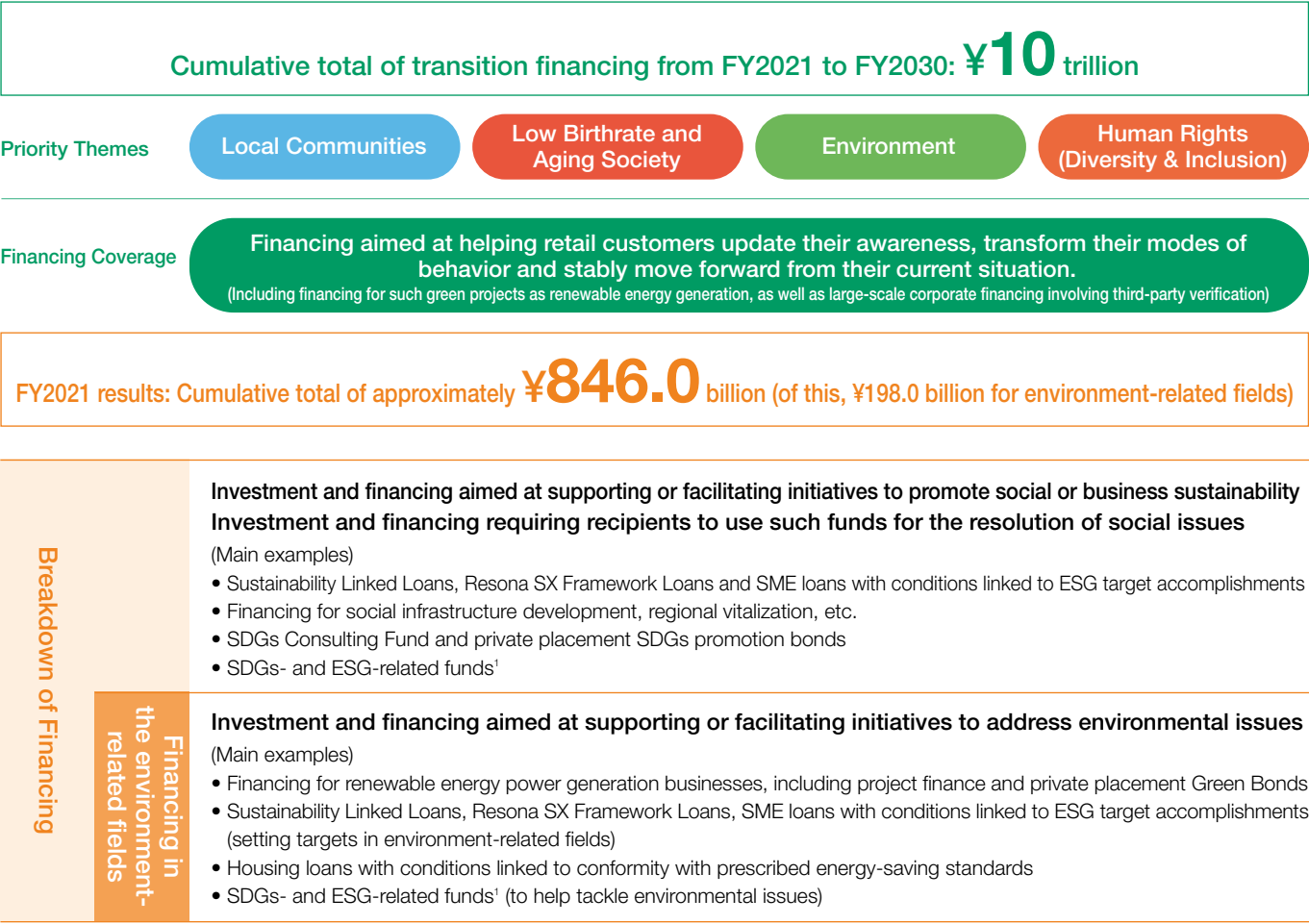
At the same time, the Board of Directors deliberated on future

responsibilities to be borne by financial institutions in terms of respecting human rights and preventing corruption. Based on such deliberation, the Board of Directors clarified the Resona Group Policy on Human Rights, which codifies policies for ensuring respect for human rights within the Resona Group as well as throughout supply chain, and Resona Group Anti-Bribery & Corruption Policy, which stipulates policies for preventing corruption.

1. Promoting Sustainability through Business Activities	To realize a sustainable society, we will address priority issues that must be tackled by the Group in the areas of environmental and social sustainability, striving to resolve such issues through business activities. As a locally rooted financial institution that has long enjoyed community-level support, we will pursue business activities aimed at building sustainable local communities. Through these endeavors, we will improve our corporate value.
2. Developing a Management Structure Supporting the Promotion of Sustainability	Top management will be committed to promoting sustainability, to this end spearheading the development of the optimal business portfolio, allocating necessary management resources to promote sustainability and otherwise ensuring that a robust structure will be in place to support these endeavors.
3. Participation of All Officers and Employees and Dissemination of the Policy	Based on this policy, all officers and employees will proactively play their part in promoting sustainability. In addition, we will ensure that this policy is understood throughout and embraced by the entire workforce and, to this end, implement proper employee education.
4. Engagement with Business Partners and Suppliers	Through bidirectional and constructive dialogue, we will share our recognition of the importance of sustainability initiatives with our business partners and suppliers in order to facilitate the realization of sustainability for society as a whole.
5. Building Relationship of Mutual Trust with Society	We will responsibly engage in corporate activities vis-à-vis all stakeholders based on strict compliance with laws, regulations, rules and social norms. We will also strive to maintain transparent and easy-to-understand communications with regard to information disclosure while engaging in bidirectional dialogue with diverse stakeholders. Through these communications, we will identify the expectations and hear the requests of society, which we will take heed of to improve our business operations so that we remain a company deserving of the public's trust.
6. Governance	We will periodically verify and supervise the status of initiatives to promote sustainability from a holistic perspective, thereby living up to our stakeholder's expectations for accountability.

Resona Group Policy on Human Rights https://www.resona-gr.co.jp/holdings/english/sustainability/sdgs/human_rights/policy.html
Resona Group Anti-Bribery & Corruption Policy <https://www.resona-gr.co.jp/holdings/english/about/compliance/index.html>

1 Retail Transition Financing Target ▶ Provide customers with needed solutions based on robust dialogue



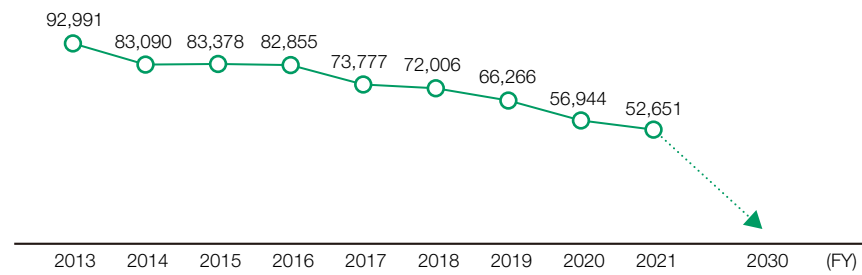
2 Carbon Neutrality Target ▶ Lead the way in achieving carbon neutrality

Reduce CO₂ emissions¹ attributable to energy used by the Group to net zero by the end of FY2030 via a proactive switchover to renewable energy

Priority Theme Environment

FY2021 results: **43%** reduction from the FY2013 level (a year-on-year decrease of 4,293 t-CO₂)

CO₂ Emissions Volume²
(t-CO₂)



Breakdown of FY2021 Emissions
(provisional)

Scope 1	5,082
Scope 2	47,569
Emissions from energy sources	46,367

In FY2021, the volume of CO₂ emissions attributable to the Resona Group's operations decreased by 43% (provisional basis) compared with the FY2013. This also represented a year on year decrease of 4,293 t-CO₂.

Our initiatives in said fiscal year included the introduction of energy procured from renewable energy sources at key facilities run by Group companies, the upgrading of power supply facilities and a switchover to LED lighting. Since approximately 90% of CO₂ emissions from Group operations are attributable to energy use, these efforts greatly contributed to the year-on-year decrease in CO₂ emissions.

For FY2022, we will continue to promote the introduction of energy procured from renewable energy sources, targeting such energy-intensive facilities as system centers.

In addition, we are engaged in energy-saving activities on a Groupwide basis to curb the financial impact of the current surge in energy prices. These activities are also expected to help us mitigate the worsening energy demand-supply balance, which usually becomes a subject of particular public concern in summer and winter due to rises in energy demand in these seasons.

Main Initiatives in FY2021

- Introduced the procurement of energy from renewable energy sources at key facilities run by Group companies
 - Osaka Head Office of Resona Group (August 2021)
 - Head Office of Saitama Resona Bank (June 2021)
 - Biwako Building of Kansai Mirai Bank (June 2021)
 - Head Office of Minato Bank (August 2021)
- Cut back on the number of company-owned internal combustion engine (ICE) vehicles while promoting a switchover to eco-friendly vehicles³
 - FY2021 results (consolidated)
 - Number of company-owned ICE vehicles reduced: 176
 - Number of company-owned vehicles replaced with eco-friendly vehicles: 34

Plan for Main Initiatives for FY2022

- Promote switchover to energy procured from renewable energy sources for an even broader scope of bases
 - Expand the scope of introduction of renewable energy, targeting system centers and other energy-intensive facilities
- Promote energy-saving activities across the board
 - Undertake such measures as those aimed at visualizing the volume of energy use at each base to raise the energy-saving awareness of the entire workforce
- Cut back on the number of company-owned ICE vehicles while promoting a switchover to eco-friendly vehicles
- Consider the introduction of eco-friendly branch facilities, etc.

1 Scope 1 and Scope 2
2 Calculated by retrospectively incorporating CO₂ emissions from precursors of KMFG and its subsidiaries prior to management integration and aggregating Scope 1 and Scope 2 CO₂ emissions from Group banks based on methods stipulated by Japan's Energy Saving Act for statutory periodic reporting. CO₂ emissions attributable to fuel consumption by Company-owned cars are determined via a simplified calculation method using the Group's annual fuel costs and published figures for the annual and national average price of gasoline and the emissions coefficient.
3 EVs, HVs and fuel-cell vehicles
4 Sum of Resona Holdings, Resona Bank, Saitama Resona Bank, Kansai Mirai Financial Group, Kansai Mirai Bank and Minato Bank
5 The ratio of female directors and executive officers is as of June 30, 2022; the ratio of female senior managers and line managers is at the beginning of FY2022
6 Due to the appointment of a female internal officer as a director of Resona Bank and Saitama Resona Bank
7 2022 Survey of Workplace Opportunities for Female Workers undertaken by Nikkei WOMAN

3 Targets for the Empowerment and Promotion of Women ▶ Enhance our diversity-driven organizational strength to constantly create and deliver new value to customers

Achieve the below presented ratios for the representation of women in various positions, an increase of 10% or more from the levels at the beginning of FY2021 (by the end of FY2030)

- ◎ Ratio of female directors and executive officers at Resona Holdings: 30% or more
- ◎ Ratio of female senior managers at six Group companies: 20% or more⁴
- ◎ Ratio of female line managers at six Group companies: 40% or more⁴

Priority Themes

Local Communities

Low Birthrate and Aging Society

Environment

Human Rights (Diversity & Inclusion)

Ratio of women	2021 ⁵	2022 ⁵	Change	FY2030 targets
Directors and executive officers (Resona Holdings)	19.2%	15.3%	(3.9)% ⁶	30% or more
Line managers (six Group companies ⁴)	29.7%	31.2%	+1.5%	40% or more
Of these, senior managers (six Group companies ⁴)	10.5%	12.8%	+2.3%	20% or more

As of the beginning of FY2022, the ratio of women in senior and line manager positions increased as shown above. In particular, the ratio of female line managers grew for the 10th consecutive year.

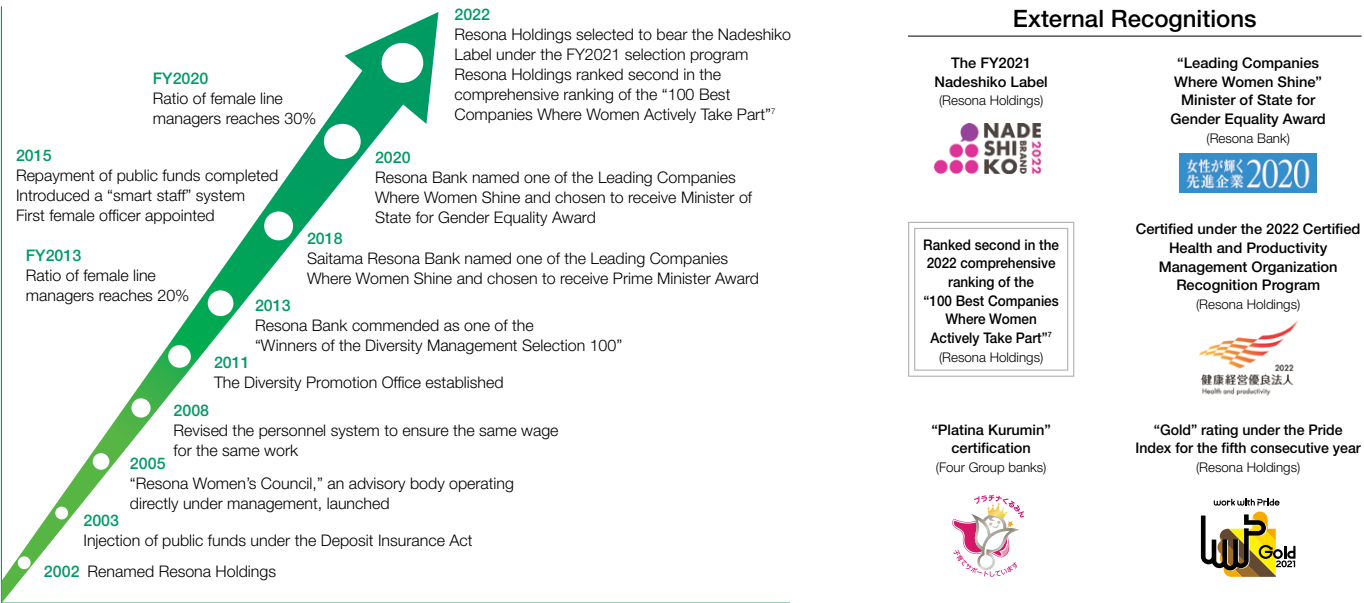
On the other hand, the ratio of women in executive officer positions at Resona Holdings dropped year on year. This was attributable to the appointment of an internal female officer who had concurrently served at Group banks, to the post of director at Resona Bank and Saitama Resona Bank. Reflecting this move, the ratio of female directors at Resona Bank and Saitama Resona Bank rose from 9% and 15% at the beginning of FY2021 to 27% and 23%, respectively. Also, as of June 30, 2022, the ratio of female directors at Resona Holdings increased from 20% to 30%.

To push ahead further with the empowerment of women, we deem it important to take on relevant initiatives on an ongoing basis, employing a medium- to long-term perspective. Such initiatives also need to be informed by input gleaned from female employees with varying job categories and ranks.

It was revealed via an in-house survey conducted in FY2021 that measures associated with the empowerment of women have, to a certain degree, taken root in the Group's organization, while a growing

number of women indicated increasing awareness regarding their own career development needs. On the other hand, the survey showed that many female employees possess business experience in only a handful of particular areas and lack the broad range of expertise typically required of those pursuing higher management positions. Moreover, we have found that, although child rearing assistance programs offered by the Group are by and large deemed sufficient, many respondents requested measures to improve other aspects of the employee assistance systems. Among these requests was the suggestion that further measures must be undertaken to secure robust understanding among the workforce toward individuals who need to utilize these programs along with the reinforcement of staffing for teams whose capacities are affected by the absence of such individuals. Others requested the additional measures to assist employees engaged in nursing care.

Based on these inputs, in FY2022, we will implement a variety of initiatives, including empowering women to gain more diverse experience over a wider range of business operations, stepping up initiatives to encourage male employees to assume a greater role in child rearing and enhancing the content of nursing care seminars for employees.



Governance

The Sustainability Basic Policy (▶ p. 35) and other important policies related to sustainability, are determined by the Board of Directors.

The status of initiatives undertaken based on these policies provided by the Board of Directors is reported to the Board at least once a year, while matters deemed particularly important are reported to and discussed by it on an as necessary basis. In this way, we have secured a robust structure that ensures proper supervision over sustainability initiatives.

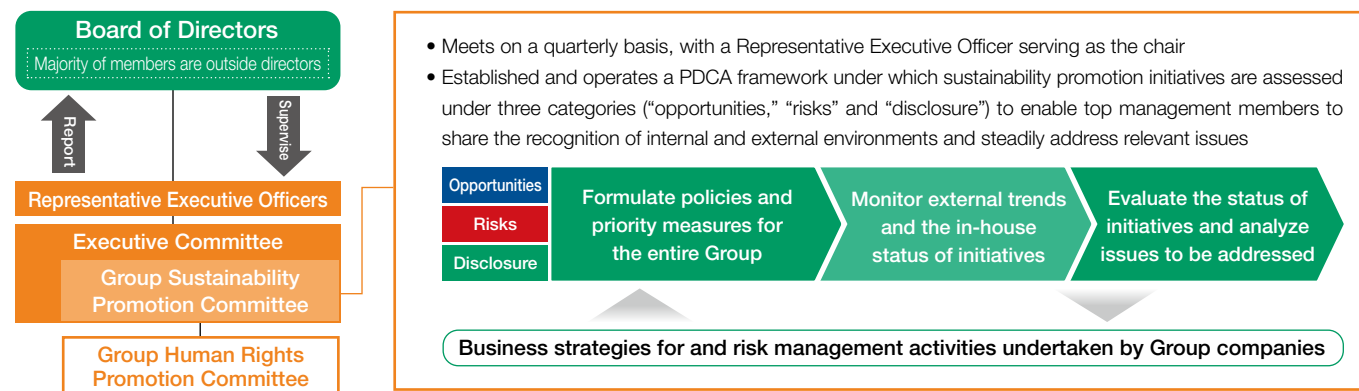
With outside directors constituting its majority, the Board of Directors engages in multifaceted discussion and reflects its conclusions in the Group's business strategy, risk management and information disclosure.

In addition, the Group Sustainability Promotion Committee, chaired by the president of Resona Holdings, is tasked with exercising the consolidated supervision of and spearheading measures to address

specific issues associated with sustainability and deemed important. Members of this committee include the presidents of KMFG, Group banks and Resona Asset Management as well as the heads of the Corporate Administration Division and risk management divisions in addition to officers in charge of corporate and retail banking.

This committee also invites external specialists to contribute their opinions on diverse subjects, such as the direction and pace of the Group's initiatives. These inputs are reflected in discussions undertaken by top management.

Moreover, the Group Human Rights Promotion Committee, a sub-committee under the Group Sustainability Promotion Committee, is charged with the consolidated management of important matters associated with human rights promotion among all Group employees.



Main Content of Relevant Agenda Items Submitted to and Other Subjects Discussed by the Board of Directors (July 2021 to June 2022)

- Outcomes of FY2021 sustainability initiatives and issues to be addressed going forward
- Establishment and updating of sustainability-related policies
- Top risks to be addressed in the FY2022 management plan period (climate change-related risks positioned as a top risk)
- Status of response to climate change-related risks based on the TCFD recommendations and future initiatives
- Enhancement of stakeholder dialogue in the shareholder relations (SR) field, with ESG issues considered priority subjects

Main Opinions Contributed by Board Members on Outcomes of FY2021 Sustainability Initiatives and Issues to Be Addressed Going Forward

◎ Main Achievements

- Made progress in initiatives to achieve each component of the Long-Term Sustainability Targets
- Increased sophistication of methods for managing climate change-related risks
- Established and updated relevant policies to further upgrade the Group's sustainability initiatives; introduced a framework for assessing the degree of customer commitment to addressing ESG issues through business operations; and otherwise promoted the development of a robust structure supporting sustainability initiatives for the future, etc.

© Main Issues to Be Addressed Going Forward

- Facilitate an ongoing shift in employee mindset as well as the mode of employee behavior and ensure that the framework developed in FY2021 is steadily operated in a genuinely effective manner
- Step up external collaboration to enhance our sensitivity to changes in the business environment while upgrading our solutions
- Formulate a reduction target for Scope 3 emissions
- Define the Group's reason for being, clarify process for translating the value of human capital and intellectual assets into financial value, etc.

© Main Opinions Voiced by Board Members

- The pace of change in the business environment is now even faster than it was when the Long-Term Sustainability Targets were being formulated. Group members must therefore further accelerate their initiatives, and report on their status to the Board more frequently.
- For the Group to accelerate diverse initiatives, it is essential that the senior management members of each Group company exercise leadership. These individuals should be spearheading the transformation of the organizations under their supervision.
- The definition of the Group's reason for being should be drafted in close collaboration with the Board of Directors, etc.

Process for Determining Compensation for Executive Officers in Step with the Evaluation of Their Sustainability-Related Achievements

The Company's policies for the determination of compensation for directors and executive officers are determined by the Compensation Committee, whose membership consists exclusively of independent outside directors. The compensation system in place for executive officers takes into account the status of initiatives aimed at helping

realize SDGs, making this one of the indicators determining the amount of annual incentives. As such, compensation for executive officers is linked to evaluations granted to the recipients in terms of sustainability initiatives (▶ p. 71)

Our Response to Global Warming and Climate Change (initiatives related to the TCFD recommendations)

The Resona Group has identified responding to global warming and climate change as an environmental and social priority issue. Accordingly, we have declared our intention to proactively take on the reduction of environmental burdens deriving from society as a whole.

Furthermore, in June 2021, we announced Long-Term Sustainability Targets (▶ pp. 36-39) to gear up the pace of the above endeavors and are currently pursuing the realization of a carbon-neutral society.

Governance

The Board of Directors exercises robust supervision over the Group's response to climate change, positioning this response as an essential component of sustainability initiatives.

For details on the status of supervision, please also refer to the article titled “Governance” on the left-hand page.

Management Strategy

Business Opportunities and Risks Arising from Climate Change

To measure the impact of climate change, which is highly unpredictable, we have undertaken qualitative and quantitative evaluations of opportunities and risks based on two different scenarios involving, respectively, a 1.5°C and a 4°C rise in global temperatures.

This evaluation includes the assessment of estimated impact in the short-, medium- and long-terms, which are defined as approximately 5-, 15- and 35-year periods, respectively.

©1.5°C scenario (reference: IEA Net-Zero Emissions by 2050, IPCC RCP2.6 and other publicly approved scenarios)

Projected developments		Impact on the financial industry	Time frame
<ul style="list-style-type: none"> GHG emissions from businesses are severely restricted by government-led policies and laws. Advances in and the popularization of low-carbon technologies enhances the availability of low-carbon alternatives to existing products and services. Frequency of sudden occurrences of abnormal weather remains virtually unchanged. 		Financing streams will be ever more focused on measures to alleviate climate change impact.	Short to long term
Projected financial impact			
Opportunities	Product and service markets	<p>Growing funding needs among businesses for the development of low-carbon products and services and capital expenditure aimed at reducing their GHG emissions</p> <p>Increased opportunities for the Group to offer financial services due to growing public awareness of climate change</p>	
	Resource efficiency, energy sources, and market resilience	<p>Reduction in business costs due to enhanced resource and energy efficiency</p> <p>Shift to low-carbon energy sources and the resulting alleviation of the future impact of carbon price surge</p> <p>Growth in the Group's corporate value due to the implementation of a sustainability-focused business model</p>	
Risks	Transition risks	Policy and legal	Introduction of stringent government-led policies and regulations negatively affecting the operations of corporate customers and reducing the value of the Group' loan assets
		Technology and market	Advances in low-carbon technologies and changes in consumer preferences prompting a shift to alternative products and services and negatively affecting the operating results of corporate customers, resulting in a reduction in the value of the Group's loan assets
		Reputation	A decline in Resona Holdings' share price due to inconsistencies between strategy and actions or insufficient disclosure of information about climate change
	Physical risks	Acute	Virtually unchanged frequency of sudden occurrences of abnormal weather (hence, no major financial impact is expected)
		Chronic	No chronic and irreversible climate change (hence, no major financial impact is expected)

⦿4°C scenario (reference: IPCC RCP8.5 and other publicly approved scenarios)

Projected developments			Impact on the financial industry	Time frame
<ul style="list-style-type: none"> Without notable breakthroughs in climate change countermeasures, the volume of overall GHG emissions continues to grow at the current pace. Due to an increase in the number of sudden occurrences of abnormal weather, society suffers even more significant damage. Chronic and irreversible changes, such as a sea level rise, affect economic activities undertaken by businesses and individuals. 			Financing streams will be ever more focused on measures to adapt to climate change effects.	Short to long term

Projected financial impact		
Opportunities	Product and service markets	Growing demand for funding for public projects and capital expenditure aimed at alleviating physical damage attributable to abnormal weather
	Resource efficiency, energy sources, and market resilience	Reduction in business costs due to enhanced resource and energy efficiency
Risks	Transition risks	
	Physical risks	Acute
		Chronic

Ratio* of lending to energy and utility sectors in the entire portfolio (based on definitions under the Task Force on Climate-related Financial Disclosures (TCFD) recommendations)

As of March 31, 2020	As of March 31, 2021	As of March 31, 2022
1.3%	1.2%	1.2%

* Total of loans and bills discounted, acceptances and guarantees, foreign exchange, etc. (sum of Resona Bank, Saitama Resona Bank, Kansai Mirai Bank and Minato Bank)

In-Depth Qualitative Analysis of Climate Change Scenarios

The proportion of lending extended to the energy and utility sectors in the Group’s entire portfolio is not considered significant. Nevertheless, we must assume that the possible impact of climate change-related risks on a broad range of sectors could be profound. Also, the form and magnitude of such impact and the timing of its materialization may differ largely by sector.

In light of these factors, we have identified priority sectors deemed particularly susceptible¹ to climate change-related impact based on assessments of the potential magnitude of such impact while taking into account the proportion of relevant assets in the Group’s portfolio. Targeting these sectors, we conducted an in-depth qualitative analysis of our existing climate change scenarios.

◎ Process used to select priority sectors

① Assessment of climate change impact by sector	With reference to information published by the Task Force on Climate-related Financial Disclosures (TCFD), the United Nations Environment Programme Finance Initiative (UNEP FI) and the Sustainability Accounting Standards Board (SASB), assess the magnitude of the climate change impact on sectors deemed susceptible. ¹
② Reflect the proportion of assets in the Group's portfolio by sector	In addition, take into account the proportion of assets relevant to each sector in the Group's portfolio.
③ Determine priority sectors	Determine priority sectors based on the results of ① and ② above.

Sector	Climate change impact	Portfolio size ²	Selection results
Real estate / Construction	Medium	High	Selected as a priority sector
Automotive / Transportation	High	Medium	Selected as a priority sector
Energy	High	Small	Selected as a priority sector
Material	High	Small	Not selected ³
Agriculture / Food	Medium	Small	Not selected
Pulp / Forestry products	High	Small	Not selected
Banking / Life Insurance	Medium	Small	Not selected

We have confirmed that the above results coincide with results of sector-based analysis of financed emissions based on methods stipulated by the PCAF standards.

In addition, the graph to the right illustrates analysis results of financed emissions based on assessments undertaken via the FY2021 Portfolio Carbon Analysis Pilot Program Assistance Project sponsored by the Ministry of the Environment.

Breakdown of Financed Emissions by Sector
(t-CO₂)

Real estate / Construction	30%
Energy	15%
Automotive / Transportation	21%
Agriculture / Food	6%
Material	25%
Pulp / Forestry products	3%
Banking / Life Insurance	0%

Balance of Financing by Sector
(Billions of yen)

Real estate / Construction	36%
Energy	10%
Automotive / Transportation	29%
Agriculture / Food	7%
Material	12%
Pulp / Forestry products	3%
Banking / Life Insurance	3%

◎ Formulation of scenarios for each priority sector and the qualitative analysis of developments in climate change-related risks

Targeting each priority sector, we formulated scenarios and conducted a qualitative analysis regarding the magnitude of climate change impact and the timing of its materialization.

① Identify important factors associated with risks and opportunities	With reference to information published by the TCFD, the UNEP FI and the SASB, conduct surveys and identify important factors considered to exert a profound impact on risks and opportunities affecting each sector.
② Assume the future status of society and possible impact on each sector	Analyze important factors identified via ① above and assume the magnitude of climate change impact and the timing of its materialization based on highly objective parameters recommended by the International Energy Agency and other bodies that support a scientific approach. Incorporate findings from this analysis into the "Five Forces Analysis" ⁴ to hypothesize the future status of society and thereby assess the impact on priority sectors.
③ Formulate scenarios and conduct qualitative analysis	Formulate certain scenarios and assess developments in climate change-related risks in each sector.

① Important Factors Associated with Risks and Opportunities in Each Sector

	Real estate / Construction		Automotive / Transportation		Energy
Policy	Introduction and/or heightening of carbon tax	Policy	Introduction and/or heightening of carbon tax	Policy	Introduction and/or heightening of carbon tax
Legal	Strengthening of environment-related building regulations	Legal	Tightening of GHG emission regulations	Legal	Tightening of GHG emission regulations
Market	Shift in customer needs to buildings with higher environmental performance	Market	Rising energy prices	Market	Popularization of renewable energy
Acute	Increasingly frequent occurrences of flooding and other natural disaster damage	Technology	Transition to electric vehicles	Reputational	Higher customer awareness regarding the need to address environmental concerns
		Acute	Operational impact of a catastrophic disaster	Acute	Surging expenses for the reinforcement of disaster countermeasures and the emergence of physical damage
		Chronic	Damage to railroads due to heat expansion and rising air conditioning expenses (transportation)		

② The Future Status of Society and Possible Impact on Each Sector

		Future status of society	Impact on sector
Real estate / Construction	1.5°C	Initiatives aimed at achieving carbon neutrality advance significantly, leading to the enforcement of carbon taxation, the introduction of building materials with low carbon footprint and the growing popularization of renewable energy	The construction of facilities designed to reduce environmental burden progresses at an ever-faster pace
	4°C	Rising physical risks lead to growing demand for buildings with greater disaster resilience	While the construction of facilities equipped with greater resilience against flooding and other disasters progresses, the sector is affected by frequent occurrences of damage arising from abnormal weather and surging disaster countermeasure costs
Automotive / Transportation	1.5°C	Initiatives aimed at achieving carbon neutrality advance significantly, leading to the introduction of a carbon tax, the popularization of renewable energy and EVs and the acceleration of modal shift in the transportation sector	Toward carbon neutrality, the use of eco-friendly vehicles and rail cars gains growing popularity, resulting in the acceleration of modal shift
	4°C	Physical risks rise as the transition to a low carbon society fails to gain further momentum	While the market environment remains unchanged, the sector is affected by frequent occurrences of damage arising from abnormal weather and surging disaster countermeasure costs
Energy	1.5°C	Initiatives aimed at achieving carbon neutrality advance significantly, leading to the introduction of a carbon tax and the growing popularization of renewable energy	The use of renewable energy gains popularity at an ever-faster pace with the move toward carbon neutrality
	4°C	Ongoing dependence on fossil fuel results in higher physical risks	While fossil fuel demand grows solidly, the sector is affected by frequent occurrences of damage arising from abnormal weather and surging disaster countermeasure costs

③ Developments in Climate Change-Related Risks

■ Low risk ■ Medium risk ■ High risk

Priority sectors	Transition risks: 1.5°C Scenario						Physical risks: 4°C Scenario					
	2025	2030	2035	2040	2045	2050	2025	2030	2035	2040	2045	2050
Real estate / Construction												
Automotive / Transportation												
Energy												

Priority sectors	Transition risks: 1.5°C Scenario	Physical risks: 4°C Scenario
Real estate / Construction	Risk remains low based on an assumption that an increase in costs attributable to the need to lower energy consumption intensity will be offset by growing revenue backed by rising demand for net-zero energy buildings (ZEB) in 2040	Risk becomes constantly high from 2030 onward based on an assumption that monetary damage arising from flooding will increase approximately 20%
Automotive / Transportation	Risk remains medium based on an assumption that demand for vehicles with internal combustion engines (ICEs) will significantly decline in 2030 due to carbon taxation and the enforcement of stricter regulations on such vehicles. However, risk becomes constantly high from 2035 onward due to the enforcement of domestic regulations on the marketing of new ICE vehicles in the 2030s, provided that falling demand is not compensated for by demand for eco-friendly vehicles	Risk rises to and remains medium from 2030 onward based on an assumption that monetary damage arising from flooding will increase approximately 20%
Energy	Risk becomes constantly high from 2030 onward based on an assumption that the use of fossil fuel will decrease due to the enforcement of carbon taxation, across-the-board efforts to achieve carbon emission reduction targets and changes in the energy mix	Risk becomes constantly high from 2030 onward based on an assumption that monetary damage arising from flooding will increase approximately 20%, and then subsides to medium in line with an assumed increase in crude oil prices (approximately 30%) in 2040 and resulting growth in revenue

1 The Resona Group's sector classification: Energy, Automotive / Transportation, Material, Pulp / Forestry products, Agriculture / Food, Real estate / Construction, and Banking / Life insurance
2 Portfolio size classification is as follows: Large: More than ¥5 trillion; Medium: ¥1 trillion to ¥5 trillion; Small: Less than ¥1 trillion
3 Not selected, as risk characteristics vary largely by type of material and, therefore, the sector's impact on the Group's portfolio is dispersed
4 A method for sector analysis in light of impacts attributable to sellers, buyers, newcomers and alternatives, with policies considered as an element affecting all the other factors

In-Depth Quantitative Analysis of Climate Change Scenarios

Based on the qualitative analysis, we conducted a quantitative analysis of the impact on the Group’s financial performance of transition and physical risks.

◎ Transition risks (1.5°C Scenario)

The characteristics and magnitude of transition risks’ financial impact vary by sector. Also, these factors may be altered going forward by measures undertaken by businesses pursuing carbon neutrality. Accordingly, our qualitative analysis has targeted priority sectors selected via qualitative analysis.

In addition, we have positioned “introduction and/or heightening of

carbon tax” as an important risk factor to be used as an assumption for our scenario in light of the universal impact of such taxation on each sector. Moreover, in reference to publicly approved scenarios, we have assumed a 1.5°C rise in global temperature to assess the resulting future impact on our clients. In this way, we estimated our exposure to credit risks that may emerge during the period leading up to 2050.

Target Sectors	All the priority sectors (Real estate / Construction, Automotive / Transportation and Energy)
Assumptions for the Scenario	The assumed impact on the Group’s credit risk exposure is based on additional expenses that would be incurred by clients due to the introduction and/or heightening of carbon tax as well as future business responses to the growing public call for carbon neutrality
Reference Scenarios	IEA Net-Zero Emissions by 2050 and IPCC 2.6
Analysis Period	Present to 2050
Risk Indicator	Estimated increase in credit-related expenses
Analysis Results	Credit-related expenses could increase during the period leading up to 2050 by a maximum of around ¥81.0 billion

◎ Physical risks (4°C Scenario)

Physical risks are considered to have a differing degree of impact on clients depending on the locations of both their businesses and real estate properties pledged as collateral for loans in addition to sector-specific characteristics of their operations. Taking this into account, our quantitative analysis targeted business corporations in general.

Due to restrictions in data available for analysis, we have positioned flood damage resulting from the materialization of acute risk as an

important factor to be used as an assumption for our scenario. In reference to publicly approved scenarios, we have thus estimated the impact of a 4°C rise in global temperature on the business performance of our clients and real estate properties pledged as collateral for loans, determining its impact on the Group’s credit risk exposure during the period leading up to 2050.

Target Sectors	Business Corporations in General
Assumptions for the Scenario	Based on analyses of hazard maps and natural disaster models, we have estimated the frequency of flooding arising from the materialization of acute risk and resulting growth in flood damage. Having assessed the impact of the above factors on the business performance of clients and their real estate properties pledged as collateral for loans, we have thus determined the extent to which the Group’s credit exposure would be affected.
Reference Scenarios	IPCC RCP8.5
Analysis Period	Present to 2050
Risk Indicator	Estimated increase in credit-related expenses
Analysis Results	Credit-related expenses could increase during the period leading up to 2050 by a maximum cumulative total of around ¥19.0 billion

◎ Issues to be addressed going forward

Results of the above analysis suggest that the impact of transition and physical risks on credit-related expenses is considered to be limited. However, we believe that these results do not indicate that the impact on the Group’s overall risk exposure is limited as the above analysis has taken into account only a portion of risk factors while using various assumptions in the course of damage estimation.

The analysis of climate change impact requires the study of a diverse range of risk factors and intertwining relationships between them. Moreover, the spillover effect of climate change-related risks could take differing courses depending on various underlying factors. Therefore, we need to continue to research diverse analytic methods while enhancing the content of data for use in analysis.

At the same time, even though we are in the process of developing more precise analysis methods, we are convinced that climate change is highly likely to have a financial impact on our loan assets, the largest category of assets in the Group’s possession. Accordingly, we clearly

recognize that the opportunities and risks our clients face will directly affect the Group.

The majority of the Group’s loan assets are accounted for by loans furnished to individual and SME customers. This suggests that climate change-related lending risks are dispersed. However, it was confirmed that, compared with large corporations, the status of SMEs’ climate change responses varies widely by company, indicating a diverse range of underlying issues confronting this customer group.

Having established Long-Term Sustainability Targets in 2021, the Resona Group is striving to assist customers in their pursuit of carbon neutrality by acting as their “running partner.” Looking ahead, we will engage in in-depth customer dialogue and enhance our diverse solution lineup designed to meet the needs of customers facing differing situations and issues. In these ways, we will focus our efforts on mitigating climate change risks and discovering new opportunities.

Risk Management

The Resona Group has positioned climate change-related risks as top risks that are deemed to possess a high possibility of impacting heavily on its operations. In line with this positioning, we have developed a consistent risk management structure placing the foremost emphasis on managing these risks.

Top risks are determined via discussion at the Executive Committee, the Board of Directors and other important bodies. Through top risk management, the Company helps Group members share risk recognition while striving to enhance risk governance, prevent the emergence of significant risks, ensure swift response to risk materialization and curb the spread of risk repercussions.

Having identified climate change-related risks as contributing to uncertainty, the Group has launched a risk management framework (▶ p. 75) based on its own definitions of risk categories, such as credit risk, operational risk and reputational risk, determined in line with the characteristics of such risks.

To address credit risk, which is considered to have a particularly strong impact on the Group’s operations, we are working to step up risk management via, for example, “Initiatives for Socially Responsible Investing and Lending” described below. Simultaneously, we are developing a structure enabling us to help realize a carbon-neutral society through our financial functions.

Initiatives for Socially Responsible Investing and Lending

 <https://www.resona-gr.co.jp/holdings/english/sustainability/management/sri/>

Loan Business

In line with the Group Credit Policy adopted based on a Board of Directors resolution, the “Basic Stance on Lending” clarifies the Group’s intention to maintain a dialogue with customers who have not yet fully committed to addressing social and environmental issues with the purpose of encouraging their involvement. In addition, it explains the Group policy of abstaining from financing projects associated with coal-fired thermal power generation, except when it finds compelling reasons for financing such projects, such as to realize economic restoration following a disaster. The Group is engaged in the screening and selection of candidate projects accordingly.

In December 2020, we updated the above document to include a policy of not extending new loans to projects deemed to possibly exert a major negative impact on the environment, such as coal mining employing specific mining methods.

Investment

In connection with trust assets managed by Resona Asset Management, the “Responsible Investment Policy” mandates that, in addition to assessing investees’ financial performance, the Group exercise due diligence in confirming their non-financial performance, for example, the sufficiency of their initiatives aimed at addressing ESG issues to help them enhance corporate value and achieve sustainable growth from a medium- to long-term perspective. Through such endeavors, the Group is increasing the value of trust assets.

Furthermore, the Responsible Investment Committee strives to ensure the appropriateness of the Group’s investment initiatives by consolidating insights offered by committee members, including officers in charge of trust asset management divisions.

◎ Overview of the “Basic Stance on Lending”

	Policy	Business description
Stance on Lending Across Sectors	Prohibition of lending to the following borrowers	• Those involved in child or forced labor or human trafficking
	Prohibition of lending to the following projects or businesses	• Businesses that exert a seriously negative impact on wetland sites designated by the Ramsar Convention, the World Heritage Sites designated by UNESCO • Businesses in violation of the Washington Convention
	Due consideration given to environmental and social impacts in the course of lending to the following businesses	• Businesses that negatively affect indigenous local communities and other areas of high conservation value • Businesses that entail the involuntary resettlement of residents resulting from the appropriation of land
Stance on Lending to Specific Sectors	Prohibition of lending to the following borrowers	• Those involved in the development, etc., of weapons of mass destruction, such as nuclear weapons, chemical weapons and biological weapons, and / or inhumane weapons such as cluster bombs
	Prohibition of lending to the following projects or businesses	• Coal-fired power generation (except where there are compelling reasons, such as to realize restoration following a disaster) • Coal mining projects employing the Mountain Top Removal (MTR) method • Palm oil farm development projects involving illegal practices or lacking sufficient improvement measures
	Due consideration given to environmental and social impacts in the course of lending to the following businesses	• Large-scale hydroelectric power generation

Metrics and Targets

In 2021, the Resona Group established Long-Term Sustainability Targets for its long-term initiatives aimed at mitigating climate change-related risks and increasing opportunities.

The details of each target, progress thus far in initiatives to achieve it and our relevant future action plans are featured on preceding pages.

Retail Transition Financing Target (▶ pp. 36, 37)

Work in tandem with customers to mitigate climate change-related risks and discover new business opportunities through engagement in in-depth customer dialogue and the enhancement of our solutions

Carbon Neutrality Target (▶ p. 38)

Lead the way in achieving carbon neutrality

Human Resources

Our Basic Concepts and Human Resource Management Initiatives

Since the 2003 “Resona Shock,” which struck the Group immediately after its inauguration, our human resource management has been focused on practicing diversity management that empowers each and every employee to serve as a key workforce component regardless of their gender, age or job category.

In recent years, we stepped up this approach, promoting diversity & inclusion (D&I) to help diverse human resources realize their potential and take full advantage of input from for differing value systems.

Specifically, the “Resona Women’s Council” is in place to reflect voices from female employees in business management, while leadership training, a mentoring system and other programs have been implemented to raise the ratio of female line managers. In addition, we

provide middle-aged and senior employees with career development training to empower them to continue to work actively.

Our emphasis on D&I is also reflected in the human resource system. For example, we apply a unified job class and personnel evaluation system for multiple employee categories (full-time employee, “smart employee” (region- or task-specific employee) and “partner employee” (part-time employee)). This means that employees who are in the same job class and employment status receive the same level of basic compensation (hourly wage conversion) to ensure the same compensation for everyone doing the same work. Our wage systems are thus designed to reward employees based on the degree of their contribution regardless of job category.

Activities of the “Resona Women’s Council”

Consisting of female employees from across the Group, this council is working to realize diverse initiatives to enable women to pursue long-term careers and advancement. These initiatives range from developing the workplace environment, planning measures to support those striving to strike a balance between work and private life and ensuring robust career development support.



Enhancing Training and Mentoring Systems for Female Employees

We are enhancing the content of measures in place to empower women in leadership positions to achieve success. For example, we are providing job rank-based training for selected candidates and introducing a mentoring system for newly appointed departmental or branch managers.



New Human Resource System

In anticipation of a major shift in the bank business model, we implemented a revision to our human resource system in April 2021 aimed at helping each employee grow into a true professional.

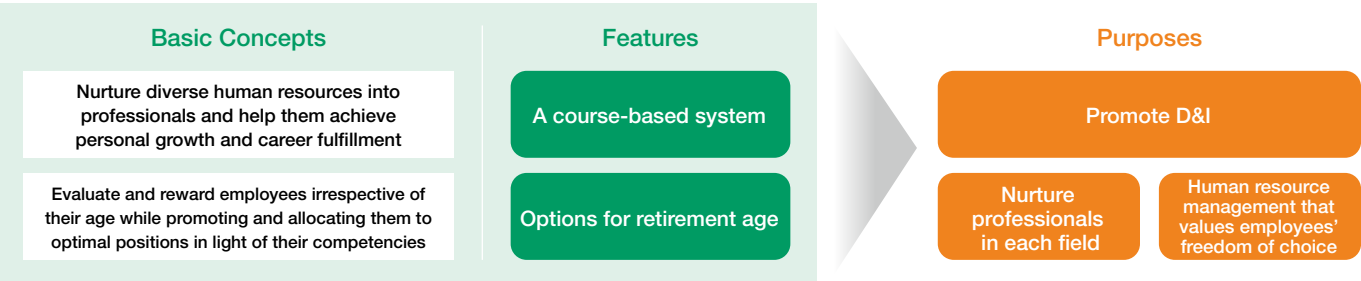
The revised human resource system is a multi-path structure that offers a total of 19 career courses encompassing various operational areas in order to promote the transition to a human resource portfolio with a greater focus on securing diverse workers boasting strengths in their areas of specialty.

We have also launched a comprehensive career support system aimed at helping employees spontaneously develop their careers.

Furthermore, we began providing employees with options regarding retirement age, which can range between age 60 and age 65, in addition to introducing a “senior smart employee” system that allows individuals in this age group to cut back on their working hours and days.

By doing so, we ensure that each employee can spontaneously select their work style in their 60s. In October 2019, prior to the introduction of the revised human resource system, we also decided to allow those past retirement age to continue working until age of 70. We are thus striving to empower employees to remain active members of the workforce over the long term.

In addition to offering equal opportunities for employees regardless of gender, age or job category, the revised human resource system takes recent changes in the operating environment into account, with the aim of better positioning our diverse human resources to pursue business success. This is one way the Resona Group promotes D&I and enhances its corporate value via the incorporation of diverse thoughts and ideas in addition to ensuring that individual employees find their jobs rewarding.



Facilitating Autonomous Career Development

In line with the revised human resource system, we are steadily shifting to a human resource portfolio focused on diversity and specialty.

In FY2021, the first year under said human resource system, we restructured our in-house job-posting systems, instituting a “Career Challenge System.” This allows employees to apply for and be transferred to their desired career courses via posting. In this way, we are providing fresh opportunities to employees who seek to launch and pursue professional success in a new career.

Through the Career Challenge System, a total of more than 100 applicants were transferred to their desired courses on an annual basis. Going forward, we are planning to conduct similar job postings

several times a year. Moreover, we have enhanced the content of various trainee systems, with an eye to enabling as many employees as possible to achieve their career targets, as part of our efforts to solidify our human resource foundations and create an unparalleled team of professionals.

Empowering each employee to pursue autonomous career development and work with a sense of fulfillment is key to securing sustainable improvement in corporate value. Accordingly, we will continue to develop an employee-friendly working environment as well as robust training systems while upgrading the measures we have in place to support autonomous career development.

Systems Supporting Autonomous Career Development	
Career Challenge System	This system allows each employee to spontaneously apply for transfer between each career course, with the aim of supporting their autonomous career choices.
Trainee System	This system provides applicants with opportunities to undergo on-the-job training in desired career courses over the period of around three to 12 months, thereby helping them acquire necessary professional skills
Post-Challenge System	This system proactively offers career advancement opportunities to ambitious individuals by assisting them in the pursuit of graduate school education aimed at acquiring an MBA, promoting them to managerial positions, entrusting them with the launch of new projects and allowing them to apply for specific positions.
Free Agent (FA) System	Under this system, individuals whose performance is outstanding or who have otherwise earned high evaluations are given the opportunity to request a transfer to their desired type of assignment or department, with the aim of helping them achieve career fulfillment

Work Style Reform Initiatives

We also consider it essential to offer a variety of work style options in order to promote D&I.

To this end, the Resona Group maintains smart employee positions in addition to full-time employee and partner employee positions, with the aim of securing a broad range of options for employees that meet their needs for optimal work-life balance. The smart employee positions allow employees to cut back on working hours or limit the scope of their assigned tasks while ensuring long-term employment comparable to that offered with full-time positions. Currently, the Company’s smart employee roster comprises individuals who transitioned from full-time positions due to their need to engage in childrearing or nursing care along with those who were promoted from partner employee positions.

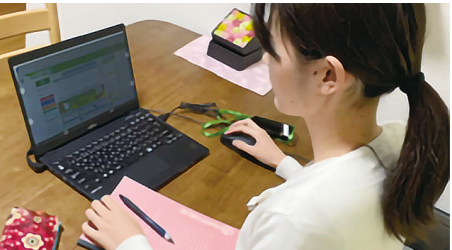
Although the Resona Group introduced the remote working system primarily as part of initiatives to prevent the spread of COVID-19, it is now accelerating the use of this work style throughout its operations. As it eliminates the need for commuting, remote working enables diverse individuals, including those facing time constraints, to pursue career success in a flexible manner. From the perspective of promoting diversity in work styles, we will push ahead further with the expansion of the scope of employees eligible to remote working.

Also, the Resona Group focuses on maintaining robust communications between top management and frontline employees via, for

example, townhall meetings. Utilizing these and other dialogue opportunities, we will directly deliver messages from management with regard to our commitment to realizing D&I while taking heed of voices from employees. In these ways, we will work to further enhance the lineup of work style options available to employees and thereby improve productivity.

Work Style Reforms

- Expanded the scope of employees eligible for remote working to include all employees, including branch staff
- Making meeting rooms and other branch facilities available as satellite offices for all employees
- Enhancing the content of remote-based training and education programs



Human Resource Development under the New Human Resource System

The new human resource system is intended to enable each employee to achieve personal growth as a professional.

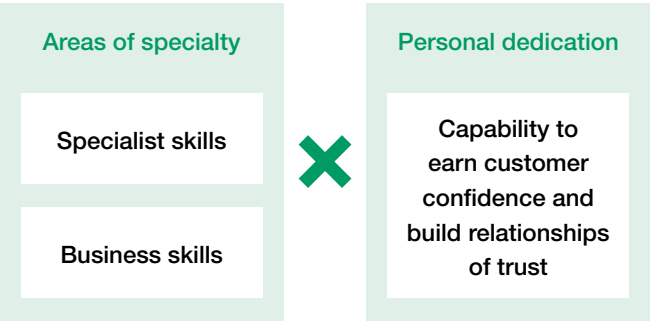
With the aim of nurturing genuine professionals, we are helping employees develop the “specialist skills” necessary to assume the tasks they will take on in their chosen course under the multi-path human resource system. At the same time, we also strive to help employees acquire the “general business skills” uniformly required of them no matter which of the 19 courses they choose. In line with these requirements, our human resource development efforts are centered on providing employees with on-the-job (OJT) training as well as in-house and external training programs to instill specialist skills while extending assistance for self-motivated learning to help them acquire general business skills.

We also believe that for employees to be genuine professionals, they must be not only equipped with business knowledge and skills but also capable of thinking and acting in the best interest of customers. The latter capabilities are essential to gaining the in-depth understanding of issues customers are confronting and helping them navigate the resolution of such issues. Based on this belief, we opened Resona Academy

in 2019 and have since been striving to nurture human resources who can accurately assess customer issues and offer optimal consulting.

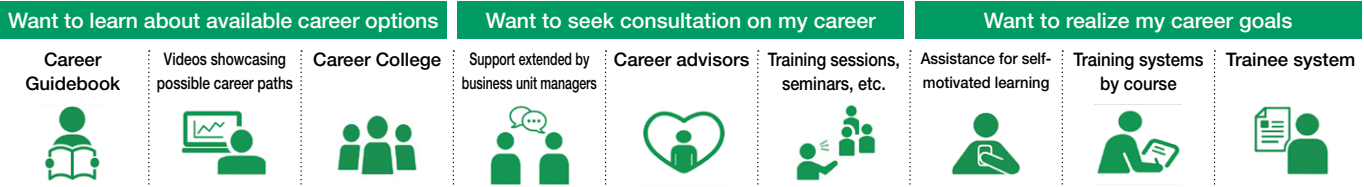
Definition of “Professional Human Resources”

Individuals equipped with strong specialist skills enabling the resolution of issues customers are confronting and with a personal dedication to enhancing customer happiness



Comprehensive Career Support System

Provide assistance to every employee in all aspects of career development to help them pursue their personal career goals



An Interview with the Executive Officer in Charge of Human Resources



Hideo Sekiguchi
Executive Officer,
Resona Holdings

Q. Please describe measures currently being undertaken to assist employees in their career development efforts, including those supporting reskilling and recurrent education.

A. We have developed a comprehensive career support system designed to assist employees in every aspect of their career journeys and enable them to autonomously choose their career paths and pursue their career goals. Under this system, we provide employees with access to up-to-date career information through roundtable sessions attended by their senior colleagues who boast diverse career records. Employees are also able to seek consultation from their supervisors and specialist staff (career advisors). Furthermore, we extend support for self-motivated learning alongside the trainee system. Through these measures, we provide assistance to those seeking to take on challenges in new

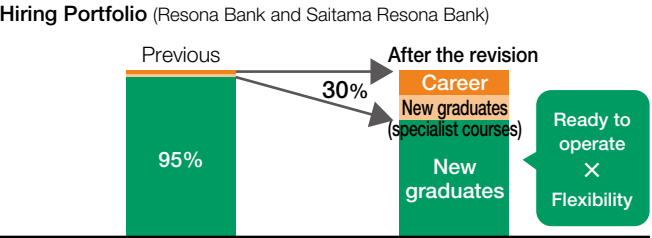
Reform of the Human Resource Portfolio

Hiring Portfolio

As stipulated in the medium-term management plan (MMP), we aim to establish a “Resonance Model” and achieve “Long-Term Sustainability Targets.” To realize these aims, we intend to establish a human resource portfolio that is resilient against future changes in the business environment.

At present, we are facing the urgent need to promote a shift in our business model. With this in mind, we have revised the composition of our hiring portfolio, specifically, raising the proportion of mid-career hires and new graduates earmarked for specific specialist courses to 30% of overall hiring, with the aim of swiftly obtaining a diverse pool of professional human resources capable of creating new businesses. In addition,

our new human resource system, which offers with 19 career courses, has proven quite appealing to people seeking to become specialists and is greatly contributing to the acquisition of these human resources.



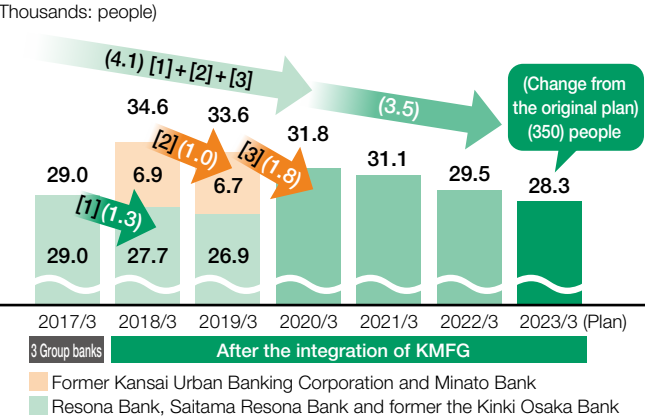
Downsizing and Reallocation of Human Resources

Over the three-year course of the MMP, the Resona Group’s total headcount is expected to decrease by approximately 3,450 to 28,300 people as of March 31, 2023 via natural attrition.

At the same time, we are working to improve productivity via channel reforms and the digital transformation (DX) of branch-counter procedures in order to reduce the workload by an amount equivalent to 5,140 employees. Simultaneously, we will dynamically and flexibly

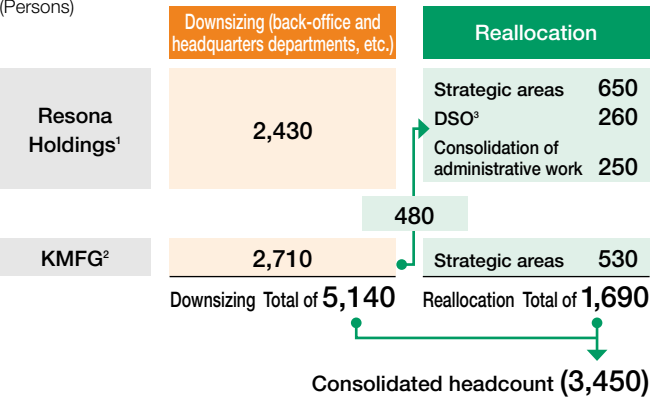
reallocate 1,690 employees to succession, digital and other strategic fields. These and other efforts to rebalance our human resource portfolio are being undertaken on a Groupwide basis and entail the optimization of staff allocations between Resona Holdings and Kansai Mirai Financial Group (KMFG), while pursuing synergies arising from the exchange of human resources among Group companies.

Total Number of Group Employees



1 Including Resona Bank and Saitama Resona Bank 2 Including Kansai Mirai Bank and Minato Bank 3 Digital Service Office

Human Resource Reallocation Plan for the FY2020-FY2022 Period (including results)



Supporting Employees’ Career Development Efforts while Taking a Groupwide Approach to Human Resource Development

career fields as well as those striving to achieve professional growth in their current areas of specialty.

Moreover, as we believe that all of our employees need fresh educational opportunities to acquire or improve their knowledge of IT, DX and other leading-edge fields in light of the rapidly evolving business environment, we developed the IT Brain Enhancement Program, under which we are currently endeavoring to enhance the overall level of employee skills in this area through, for example, the streaming of video content and the provision of e-learning programs.

subsidiary on various fronts, including human resource development. For example, we have already launched joint training aimed at nurturing leadership. In these ways, we strive to ensure a shared recognition of the future direction the Resona Group is aiming for and the ideal traits it is looking for in its leaders.

In addition, we and KMFG are working together to standardize our tools for supporting employees’ self-motivated learning aimed at developing the general business skills uniformly required of all professional human resources. We have also begun assisting employees in the acquisition of external qualifications for the same purposes.

Going forward, we will continue to hold joint training while striving to unify human resource development programs that can be implemented on a Groupwide basis. At the same time, as part of human resource development assistance we hope to help our human resources interact with other Group members so that they inspire one another and develop ties with colleagues across the Group.

Q. Could you describe collaborative initiatives with KMFG regarding human resource development?

A. Over the course of the past year since making KMFG a wholly owned subsidiary, we have strengthened collaboration with this

Roadmap to Sustainable Profit Growth

New
Earnings
Pillars

Integrate Digital and Face-to-Face Channels

Provide Customers with a Variety of Options and New Value

The Resona Group aims to provide customers with a variety of options and new value through the realization of the "Omni-Channel," the product of enhanced coordination between and the integration of digital and face-to-face channels.

One of our digital channels, Resona Group App, which was released in February 2018, recorded more than 5 million downloads as of March 31, 2022, surpassing our target under the medium-term management plan (MMP) a year ahead of schedule. Meanwhile, since March 2021 a banking app developed using functions offered by Resona has been made available to customers of Ashikaga Bank and Joyo Bank, both of which are subsidiaries of the Mebuki Financial Group. As of March 31, 2022, this banking app had recorded 690,000 downloads. Having identified a new target of achieving 10 million downloads, including downloads via partners outside the Group, we are striving to further expand our digitally-connected

customer base. These apps have garnered highly favorable customer reviews for their operability thanks to the thorough application of the user perspective in the course of development. Similarly, their ability to facilitate hassle-free transactions anytime, anywhere is highly appreciated. Looking ahead, we aim to make our apps a daily staple for customers and to win over more long-term customers to this form of banking transaction.

At the same time, we are endeavoring to improve the added value delivered only via face-to-face services backed by our manned branches, the largest such network in Japan. In line with the fundamental concept of "branches serve as an essential contact point with customers," we are striving to integrate consulting services and banking procedures via the use of tablets while optimizing Group channels, with the aim of achieving enhanced customer convenience and low-cost operations.

Currently, our contact points with customers are expanding through digital channels. Looking at users by channel, the number of app users now surpasses the number of ATM users, indicating that Group App has steadily become our customers' largest transactional channel. The number of frequent app users is similarly growing considerably. For example, the number of those who use the app at least three times a month increased 61% over the course of two years since March 2020 to March 2022.

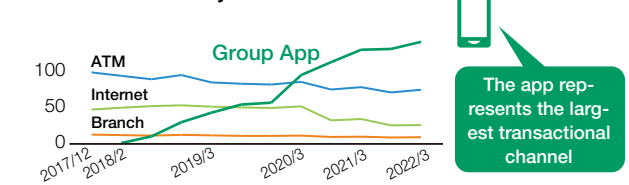


Expanding customer contact points

Number of Group App downloads¹: 5.02 million (+1.34 million from March 31, 2021)

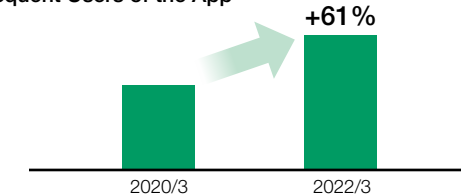
- Rolling the app out at Group companies (Minato Bank) as well as partners outside the Group (Mebuki FG, etc.)
- Achieved our target ahead of schedule (the MMP target of 5 million downloads ⇒ Achieved in March 2022)

Number of Users by Channel²



Steady growth in the number of frequent users of the app

Frequent Users of the App³



We often benefit from customers' frequent use of the app in terms of securing multifaceted transactions with them. Based on the analysis of our transactional data, we have found gross operating profit from transactions with customers who use the app at least three times a month to be approximately 2.2 times higher than transactions with less-frequent app users. This tendency has been confirmed regarding all customer groups irrespective of age.

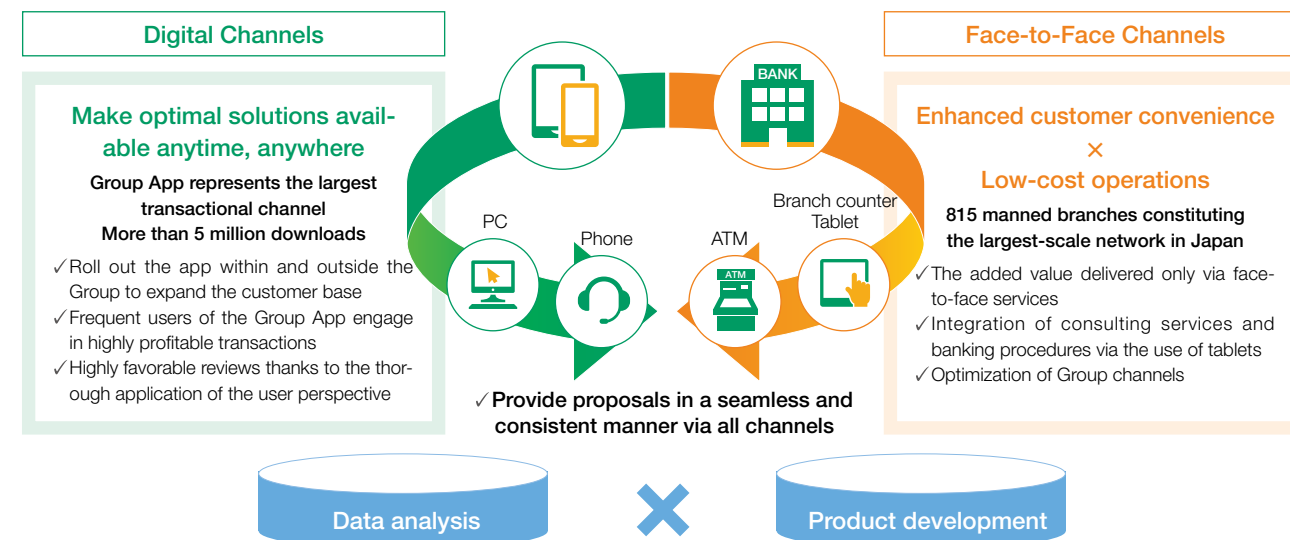
The analysis of our data regarding the app usage rate also suggests that the app has high affinity with transfer, debit card settlement and other daily banking transactions. Simultaneously, our data on the savings account dropout rate indicates that customers who are frequent users of the app are more likely to maintain consistent transactional relationships with the Resona Group than other customers.

Growth in the number of customers engaged in digital transactions also helps us promote cost structure reforms. For example, enabling customers to complete various

transactional procedures via the app not only furnishes them with an innovative banking experience but also leads to a reduction in the volume of time-consuming back-office operations, which require large numbers of personnel and the use of numerous paper forms. Thus, the above initiatives are also helping us cut back on investment in existing branch systems and promote reallocations of management resources.

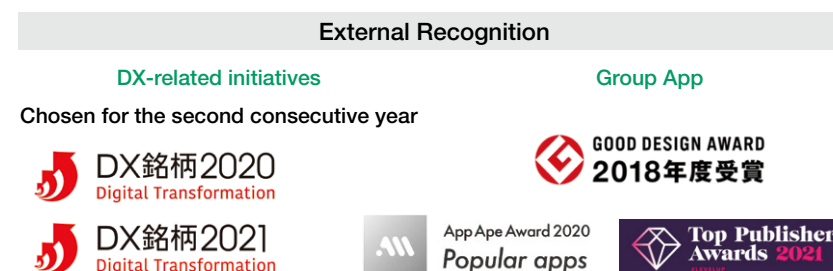
Going forward, we will continue to focus on delivering new value to customers via the digital-driven upgrading of banking experience

Realize the Omni-Channel



Furthermore, we are promoting data-driven coordination between digital and face-to-face channels to ensure that we can provide optimal proposals in a seamless and consistent manner via all channels. Our efforts to create innovative services employing both face-to-face and

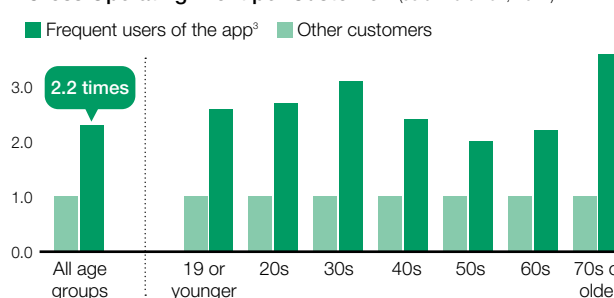
digital channels also help us earn external recognition, with Resona Holdings being chosen by the Ministry of Economy, Trade and Industry (METI) as well as the Tokyo Stock Exchange to be included in the DX Stock selection for the second consecutive year.



Features of frequent users of the Group App

- Tendency to engage in highly profitable transactions (all age groups)

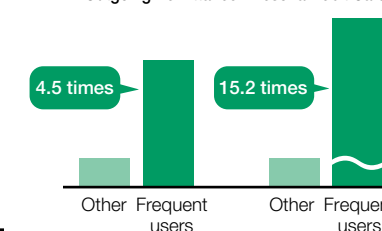
Gross Operating Profit per Customer⁴ (as of March 31, 2022)



1 As of March 31, 2022 (Resona Group App and Minato de Group App)
2 The daily number of Resona Bank ATM users in December 2017 = 100

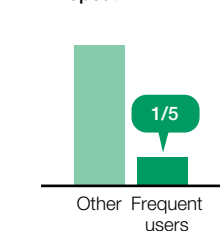
High usage rate for each type of transaction

Usage Rate for Outgoing Remittance



Consistent transactional relationship

Savings Account Dropout



Offering end-to-end digital transactional procedures via the app also helps promote cost reductions

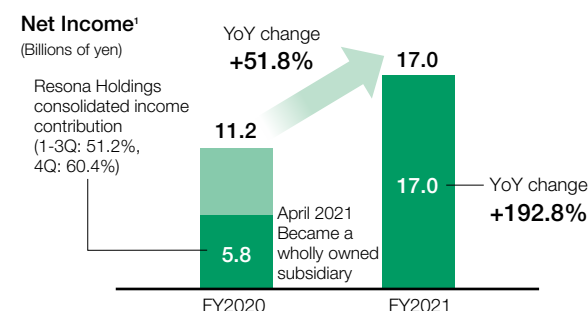
3 Customers who use the app at least three times a month (Resona Bank, Saitama Resona Bank and Kansai Mirai Bank)
4 Annualized gross operating profit per customer (categorized in "Other") = 1

New Earnings Pillars

Further Evolution of the Kansai Mirai Financial Group

KMFG's Earnings Holding Strong

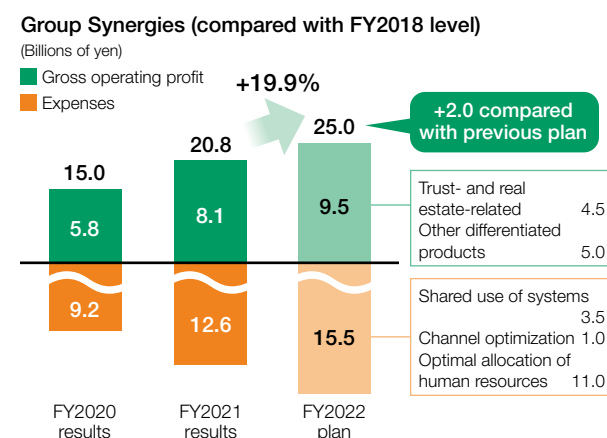
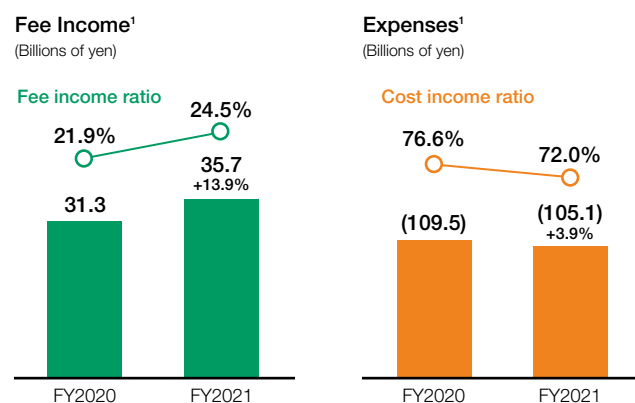
In FY2021, Kansai Mirai Financial Group (KMFG) generated net income of ¥17.0 billion, an increase of 51.8% year on year, with synergies in both top-line income and costs. The turning of KMFG into a wholly owned subsidiary in April 2021 thus increased its contribution to Resona Holdings' consolidated earnings from ¥5.8 billion in FY2020 to ¥17.0 billion (up roughly three times).



Steadily Generate Group Synergies by Accelerating PMI²

KMFG's consolidated fee income ratio was 24.5%, up 2.6 percentage points year on year, thanks primarily to the introduction of Resona Group products and services. The cost income ratio was down 4.5 percentage points to 72.0%, reflecting a steady decline in costs from the optimization of management resources. By turning KMFG into a wholly owned subsidiary, the Resona Group is now free of previous restrictions on allocations of management resources and able to act more quickly in this regard.

The yield from Group synergies increased to ¥20.8 billion in FY2021 compared with the FY2018 level, and are projected to increase to ¥25.0 billion in FY2022. We anticipate ¥9.5 billion in top-line synergies through the further rolling out of Resona's unique products and services, and ¥15.5 billion in cost synergies from the shared use of systems, channel optimization and the optimal allocation of human resources throughout the Group in FY2022. This represents an increase of ¥2.0 billion from our previous target of ¥23.0 billion.



Development of Resona Group's Products and Services

KMFG's FY2021 Results

- Number of app setups (cumulative) +53.6%³
- Number of debit cards issued (cumulative) +41.0%³
- Number of trust and fund wrap product customers: 211,000 +4.8%³
- Balance of fund wrap (including corporations) ¥112.6 billion +69.2%³

Cost Controls Through Optimization of Management Resources

KMFG's FY2021 Results

- Consolidated cost income ratio (OHR) 72.0% (-4.5%, year on year)
- Branch clerical work volume: 42% reduction (compared with FY2019)
→ Plan to introduce new branch system in FY2022 (Kansai Mirai Bank)
- BinB locations (cumulative) 88 locations (+44 from end of Mar. 2021)

Rolling out Resona Group's Products and Services at an Ever-Faster Pace

We have been horizontally rolling out Resona Group's unique products and know-how in line with our outlook.

At Kansai Mirai Bank and Minato Bank, opportunities are increasing to provide solutions through trust banking and real estate functions. These Group banks are seeing a steady increase in the usage of products and services well-suited but previously unavailable to KMFG's retail customers, like the Resona Fund Wrap, a product that leverages the pension management expertise Resona has accumulated over half a century, in addition to banking apps and debit cards.

Minato Bank began offering the Minato de Group App,

Resona Debit Card and Resona Business Debit Card in February 2022, and then Resona Cashless Platform in March 2022. We expect use of Group products and services to expand further at KMFG.



Products and Services That Minato Bank Started Offering in FY2021



Minato de Group App



Resona Debit Card
Resona Business Debit Card



Resona Cashless Platform (RCP)

To better serve the Resona Group's more than 500,000 corporate customers, we provide business matching services through Business Plazas, five business creation bases operated by the Group in western and eastern Japan (Tokyo, Osaka, Saitama, Kobe, and Shiga). As such, we are making the Group's network in Japan and overseas available to these customers to support their active business development efforts.



Business seminar

Business Plazas

Expansion of Cost Synergies

While aiming to maintain and enhance convenience for customers, we are keen to strengthen our solution capabilities and expand cost synergies through more efficient branch operations and the optimal allocation of human resources.

We are improving productivity and reforming channels through digital transformation (DX) projects. In FY2021, the volume of clerical work at KMFG's branches fell 42%

compared with FY2019. Meanwhile, Resona Bank and Saitama Resona Bank introduced a new branch system in FY2021. Kansai Mirai Bank plans to install the same system in FY2022. In this way, the Group aims to further increase the efficiency of branch operations.

As of March 2022, we have expanded the number of BinB locations at KMFG to 88 and, during FY2022, plan to bring this number to 120.

¹ Kansai Mirai Financial Group consolidated
² Post-merger integration (management integration process after M&A)
³ From end of March 2021

New
Earnings
Pillars

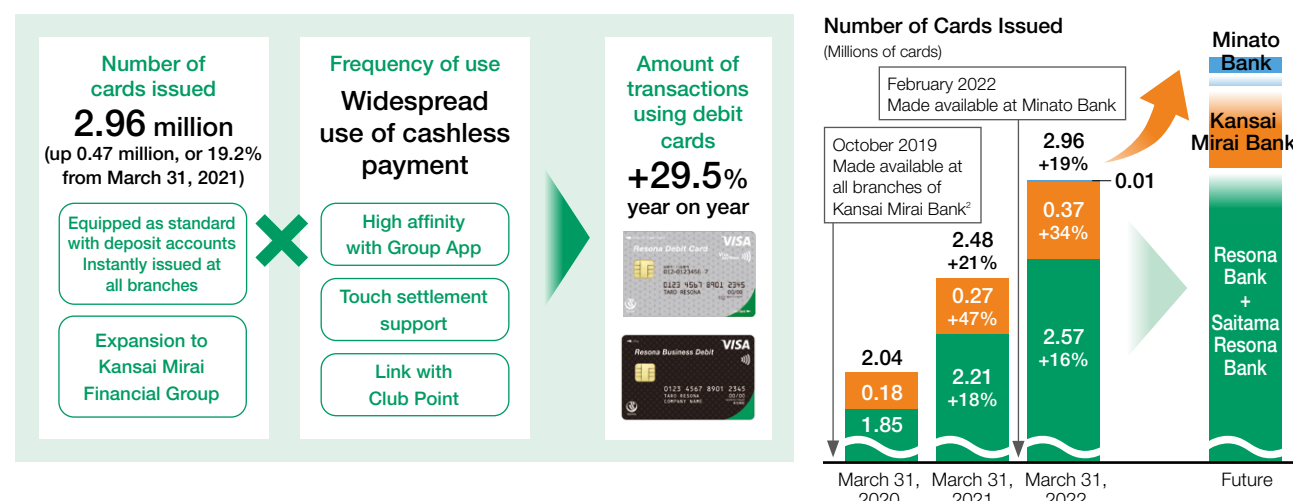
Widespread Use of Cashless Payments

Improve Convenience for Individual Customers / Support for Corporate Customers' Going Cashless and Digitalization

Japan has a lower ratio of cashless payments than many other countries. During the COVID-19 pandemic, however, the need for such options have increased, and efforts to go digital are accelerating in both the public and private sectors. We have issued a total of 2.96 million Resona debit cards as of March 31, 2022 (up 470,000 cards, or 19.2%, year on year). The Resona debit card is equipped

as standard with deposit accounts¹ and instantly issued at all branches in Japan.¹ Our debit cards work well with the Resona Group App, usage of which has increased significantly, and are compatible with touch payments. With usage frequency on the rise, the value of debit card-based transactions has expanded 29.5% year on year.

Debit Cards



Launched in November 2018, the Resona Cashless Platform (RCP) has garnered a solid reputation, steadily gaining popularity as it can be introduced at low cost, and a single terminal is compatible with diverse settlement methods, including non-contact payments. As of March 2022, approximately 2,800 corporations with a total of 13,000 stores have introduced or have decided to introduce RCP. We aim to bring the number of corporate

RCP users to 4,000 by the end of March 2023.

In July 2022, we began accepting applications for Resona One- Stop Payment, a service that helps our corporate customers increase the efficiency of bill processing and payment operations. Through our diverse products and services, we support the digitalization initiatives of our SME customers.

Resona Cashless Platform (RCP)

◎ Acquiring service (B2C)

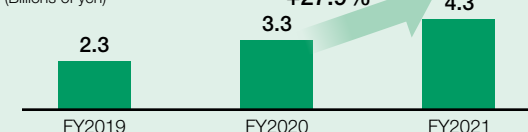
- ➔ Number of customers that adopted or decided to adopt RCP: End of March 2022 Approx. 2,800 corporations (Approx. +17% from end of September 2021)
- 13,000 stores (Approx. +18% from end of September 2021)
- End of March 2023 (target): 4,000 corporations
- March 2022 Made available via Minato Bank



With an all-in-1 terminal, responding to diverse payment needs

◎ Help make bill-paying more efficient

- (1) Upload bills
 - (2) Prepare data for bank transfer
 - (3) Execute transfer
 - (4) Store electronic data
- A one-stop system encompassing the above services

Debit Card Income of Resona
(Billions of yen)

¹ Only debit cards for individual customers can be issued on the spot and come as standard with ordinary deposit accounts
² Handling began at former Kansai Urban Banking Corporation in addition to the former Kinki Osaka Bank

New
Earnings
PillarsFurther
Development

Asset Formation in the 100-Year Life

Asset Management Know-How Has Been Nurtured Through Corporate Pension Asset Management ➔ Provide Such Know-How to a Broad Range of Retail Customers Outside the Group's Customer Base

The majority of individual financial assets in Japan still comprises cash and deposits. In an era where people are living to 100 years old, investment needs are increasingly likely to change from cash deposits to asset formation. The Resona Group is providing retail customers with access to asset management know-how for professional investors that it has accumulated through more than half a century of corporate pension fund management. In this way, we strive to help all our customers realize their desired goals for asset formation.

The balance of our "Resona Fund Wrap"—a flagship product that offers a semi tailor-made investment scheme aimed at achieving long-term, stable returns—surpassed ¥750 billion (as of March 31, 2022), showing steady growth since its February 2017 release and suggesting that its balance may well expand to ¥1 trillion in near future. In addition to built-in features designed to appeal to bank customers, such as discretionary contracts with professionals executing a stable asset management approach, convenient asset administration functions and the industry's lowest level of necessary costs, the Fund

Wrap has been constantly upgraded to enable customers to periodically receive returns and use proxy agent functions.

Within the Group, Kansai Mirai Bank and Minato Bank began offering the Resona Fund Wrap from October 2019 and October 2020, respectively. Outside the Group, Bank of Yokohama started offering the Resona Fund Wrap in April 2021 and Keiyo Bank in June 2022, and joint research with 77 Bank has begun with an eye on sales. About half of the funds invested by customers in the fund wrap comes from existing cash deposits and approximately 30% comes from external assets. These facts indicate that the fund wrap is attracting transactions with new customers. The Resona Fund Wrap's share has been expanding steadily, while, in FY2021, income from this product grew by a strong 47% year on year.

Through iDeCo (individual defined contribution pensions), we have expanded our support for the long-term asset formation of our customers. As of March 31, 2022, the number of iDeCo subscribers reached 153,000, and the Resona Group's share of iDeCo increased to 4.8%.

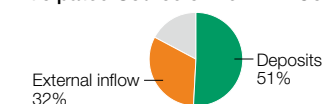
Fund Wrap (FW)

◎ Balance as of March 31, 2022: ¥756.8 billion (+40.9% from March 31, 2021)¹

◎ Designing products that are highly compatible with bank customers

- ✓ Stable asset management approach with a discretionary contract
- ✓ Convenient asset administration functions
- ✓ Low cost

Anticipated Source of New FW Contracts



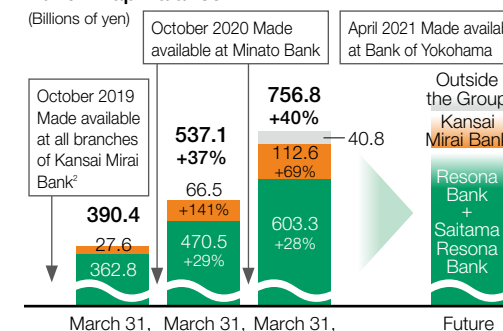
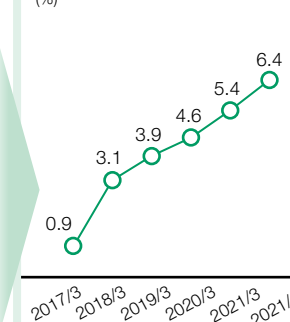
◎ Strive to secure longer contract periods by strengthening our follow-up service structure

- Periodic receipt service (May 2019–)
- Proxy agent function (January 2022–)

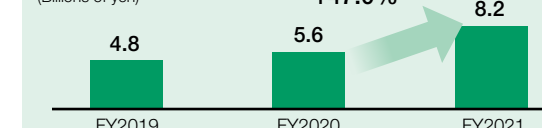
◎ Roll out outside the Group

Made available at Bank of Yokohama April 2021	Made available at Keiyo Bank June 2022	77 Bank Under discussion
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Fund Wrap Balance

Resona Fund Wrap Share³
(%)

iDeCo

◎ Participants⁴ as of March 31, 2022: 153,000 (+18,000 from March 31, 2021)Fund Wrap Income of Resona
(Billions of yen)

¹ Including corporation and including balance of fund wrap in banks other than group banks
² Handling began at former Kansai Urban Banking Corporation in addition to the former Kinki Osaka Bank
³ Market share of Resona's FW in terms of the balance of similar FW products sold by seven major banks in Japan
⁴ Including firms engaged in the direction of iDeCo operations

Further Development

Supporting Smooth Succession to the Next Generation

One-Stop Solutions Backed by Our Strength as Japan's Largest Commercial Banking Group
Equipped with Full-Line Trust Banking Capabilities

In Japan, roughly half of the SMEs led by individuals who are 60 years or older are facing a lack of successors. Business succession is thus an urgent issue facing management in an aging society. Smooth business succession is also essential to revitalizing Japan's regional economies.

Wide Customer Base of a Commercial Banking Group



Trust Banking and Real Estate-related Functions

After a period of suppression during the COVID-19 pandemic, customer needs for business and asset succession are emerging again. In FY2021, income from M&A and real estate increased a strong 38.9% and 27.9% year on year, respectively, surpassing the pre-pandemic levels of FY2019.

Issues related to business and asset succession are best resolved through face-to-face consultation with customers. Opportunities for deeper conversations with customers about these issues may also lead to ideas for new solutions, including fresh lending. Established in January

Our succession trust products that protect the invaluable assets of individual customers are being steadily extended to the Kansai Mirai Financial Group and used by an increasingly large number of customers.

While leveraging its advantages as Japan's largest commercial banking group with full-line trust banking capabilities, Resona will aid customers in the protection and succession of their invaluable assets.

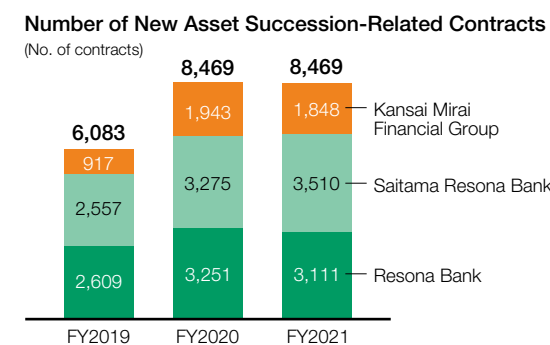


At the Resona Group, we leverage our strengths as a retail commercial banking group equipped with full-line trust banking capabilities as well as Japan's largest branch network to provide one-stop solutions for the succession of businesses and assets.

◎ Diverse solutions supporting business succession

- Facilitate dialogue ⇒ meet new opportunities to provide our solutions / lending
 - Resona Corporate Investment (established in January 2021)
 - Acquire majority stake in SMEs
 - No. of consultations (to March 2022): Approx. 400

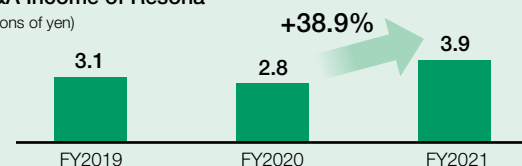
◎ Rolling out succession trust products



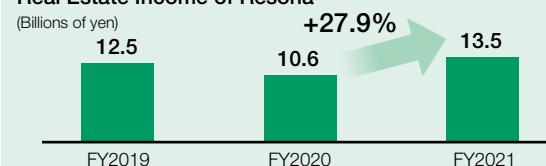
Specialists (M&A, private banking, real estate):
467 staff members as of March 31, 2020
→ 538 staff members as of April 30, 2022

FP 1st grade: Approx. 1,780 staff members
FP 2nd grade: Approx. 14,160 staff members
Real estate notary: Approx. 5,740 staff members

M&A Income of Resona
(Billions of yen)



Real Estate Income of Resona
(Billions of yen)



Further Development

Loans for Individuals

Support Customers' Asset Building Through Resona's Strengths as a Front-Runner in Housing Loans

Historically, the Resona Group has been particularly strong in the field of housing loans. As of March 31, 2022, its balance of housing loans stood at ¥13.5 trillion, the largest in Japan. As the lifestyles of individual customers diversify amid the pandemic and acceleration in digital technologies, the loan business environment has changed. The Resona Group is focusing on strengthening cost controls while enhancing the competitive edge of its products and services. In FY2021, we continued to offer diverse loan lineups and to leverage our product and service structure supporting customer convenience in addition to meeting emerging funding needs among those seeking to acquire single-family houses in suburban areas on the back of fallout from the COVID-19 pandemic. As a result, the annual amount of residential housing loans origination remained high at ¥1.2 trillion.

The Resona Group offers a diverse range of products, such as *Danshin Kakumei*¹ housing loans that cover a wide range of risks related to illness and injuries and *Anshin Kakumei* reverse mortgage type housing loans. Also, in April 2021 we released housing loan products that enable borrowers to complete necessary procedures solely via smartphone apps² in response to the growing need for non face-to-face, no-physical contact services and hassle-free procedures in light of the COVID-19 pandemic. Housing loan borrowers often keep their accounts at

the bank that furnished said loans to them as their main banking account. Because of this, housing loans help us secure opportunities for multifaceted transactions throughout a borrowers' lifespan. With this in mind, we offer insurance products for customers who seek to review their household finances upon the purchase of housing while extending educational loans for customers with growing children. Furthermore, we can provide asset formation products to customers who have made progress in loan repayments. In this way, we provide customers with a variety of products and services designed to meet their varied needs at different life stages.

Most recently, more than half of the new housing loans we extended were provided via an e-contract service released in April 2018 to enable customers to complete all housing loan contractual procedures without a branch visit. Our efforts to go paperless and digitalize our loan-related back-office operations are intended to relieve our customers of bothersome paperwork while improving the productivity of and curbing environmental load attributable to our banking operations.

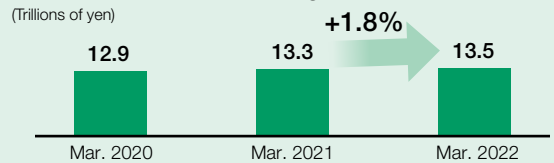
The Group's housing loans constitute a high-quality portfolio boasting such features as cost competitiveness afforded by merits of scale, a stably small eventual default ratio and low capital charges. Looking ahead, we will strive to extend these loans to as many customers as possible.

◎ Balance of housing loans: ¥13.5 trillion as of March 31, 2022 (No. 1 in Japan)

Quality portfolio x Initiatives to maintain and further improve profitability				
Profit	Volume	◎ Historical strengths x Digital transformation (DX) <ul style="list-style-type: none"> Solid relationships with real estate businesses App-based housing loans (April 2021–) 	◎ Unique and high-value-added products <ul style="list-style-type: none"> <i>Danshin Kakumei</i>: Provide coverage for the 3 major diseases, as well as 16 other types of disease in addition to injuries and conditions requiring nursing care <i>Anshin Kakumei</i>: Reverse mortgage type housing loan 	
	Add-on Income	◎ Multifaceted transactions originating from housing loan borrowers	Average Number of Products in Transactions	With housing loans 4.8 VS No housing loans ³ 2.8
Expenses	Operating cost	◎ Economies of scale from ¥1.2 trillion of housing loan origination per year ◎ Promote digitalization		
	Credit-related costs	◎ Subrogation payment ratio ⁴ : 0.01% in FY2021		
	Capital requirements	◎ Relatively low risk weight: 11.10% ⁵ in FY2021		



Balance of Residential Housing Loans
(Trillions of yen)



1 In addition to the conventional coverage provided by group credit life insurance with a rider for three specific diseases, *Danshin Kakumei* pays insurance claims when the customer matches one of 16 specific status points or has the designated status of "requiring long-term nursing care," even if he/she is in employment during treatment. In such cases, the customer is also eligible for complete debt forgiveness.
2 There are various conditions; for example, funds must be used for the purchase of second-hand condominiums and the amount of lending is limited to ¥50 million or less.

3 Comparison between housing loan borrowers and potential II & III customers (as of Mar. 31, 2022; sum of Resona Bank, Saitama Resona Bank and Kansai Mirai Bank)
4 Housing loans guarantee subsidiaries' subrogation ratio x (1 – collection after subrogation); sum of residential housing loans and apartment loans
5 Resona Bank, as of March 31, 2022, non-default

Further Development

SME Loans Business

Help Resolve the Increasingly Diverse and Complex Issues Confronting 500,000 SMEs Via Dialogue

The external business environment for our SME customers has been rapidly changing, and our customers, who are in various stages of development, are facing a variety of issues. As a “running partner” to its customers, the Resona Group aims to deepen dialogues with them and provide them with robust assistance, with our service lineup ranging from helping uncover hidden issues to delivering a variety of diverse solutions.

With the sustainability transformation (SX) movement gaining momentum, we conducted a questionnaire about SDGs and SX from October 2021, and have received answers from approximately 31,000 customers as of March 31, 2022 (▶ p. 37).

Today, new working styles as well as non-face-to-face and non-contact services increasingly become the new normal.

Also, DX projects, such as measures to ensure compliance with the Act on Special Provisions concerning Preservation Methods for Books and Documents Related to National Tax Prepared by Means of Computers and approved invoicing systems are gaining importance among corporate managements. Against this backdrop, we launched a DX questionnaire in April 2022.

We have also established a system through which the feedback we receive from our customers is quickly shared within the same branch, as well as with the head office and other branches, by utilizing SFA.¹ This sharing system has facilitated the delivery of diverse solutions through our extensive network of commercial banks while incorporating broad perspectives that include branch managers and specialized department heads.

◎ Diverse solutions backed by Resona's strengths

SX solutions

One-stop solutions supported by a combination of trust and commercial banking functions

✓ Real estate ✓ Succession trust ✓ M&A ✓ Corporate pensions

Utilize Group networks

✓ Business matching
• Five Business Plazas² in major cities of eastern and western Japan
✓ Overseas business support

DX solutions

Enhance non face-to-face solutions

✓ Account opening via web
• Complete procedures via non face-to-face methods³
✓ Web-complete loans etc.

Our customer base of more than 500,000 SMEs is one of Resona's strengths. The number of companies naming the Resona Group as their main bank places us among the top banks in Japan. Our customer base has been built over a history spanning more than 100 years, and, with the aim of expanding it further, we are creating a web-based account opening system and upgrading other non-face-to-face solutions, such as those for providing business loan products.

As of March 31, 2022, thanks to these initiatives, the Resona Group's balance of loans to SMEs had increased ¥189.3 billion or 1.2% compared with a year earlier, maintaining an uptrend. Corporate solutions income (consolidated basis) also grew, rising ¥3.3 billion or 11.8%, year on year to ¥31.8 billion, driving overall growth in fee income.

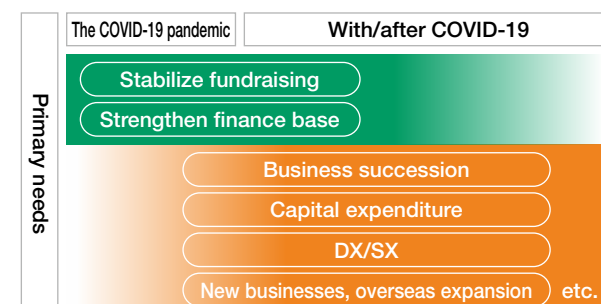


1 Sales force automation

2 Tokyo, Osaka, Saitama, Kobe, Biwako (as of March 31, 2022)

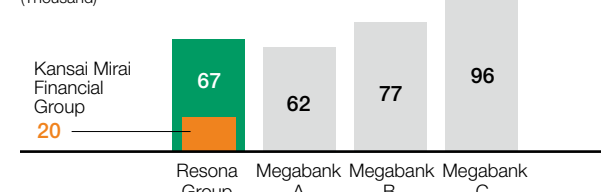
3 Available at 29 branches of Resona Bank. Plan to expand available branches.

◎ New fundraising demand expected to emerge in step with changes in the environment



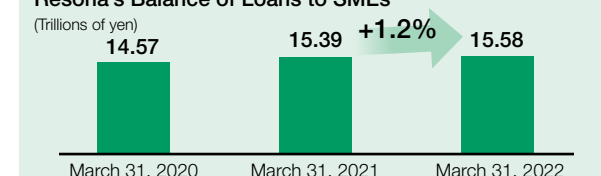
One of Japan's top banks in terms of number of companies naming the Resona Group as their main bank

Number of Companies That Name a Major Bank as Their Main Bank⁴ (Thousand)



Resona Group's Ranking by Prefecture⁵
Saitama 1st Osaka 1st
Hyogo 2nd Shiga 2nd Nara 4th

Resona's Balance of Loans to SMEs



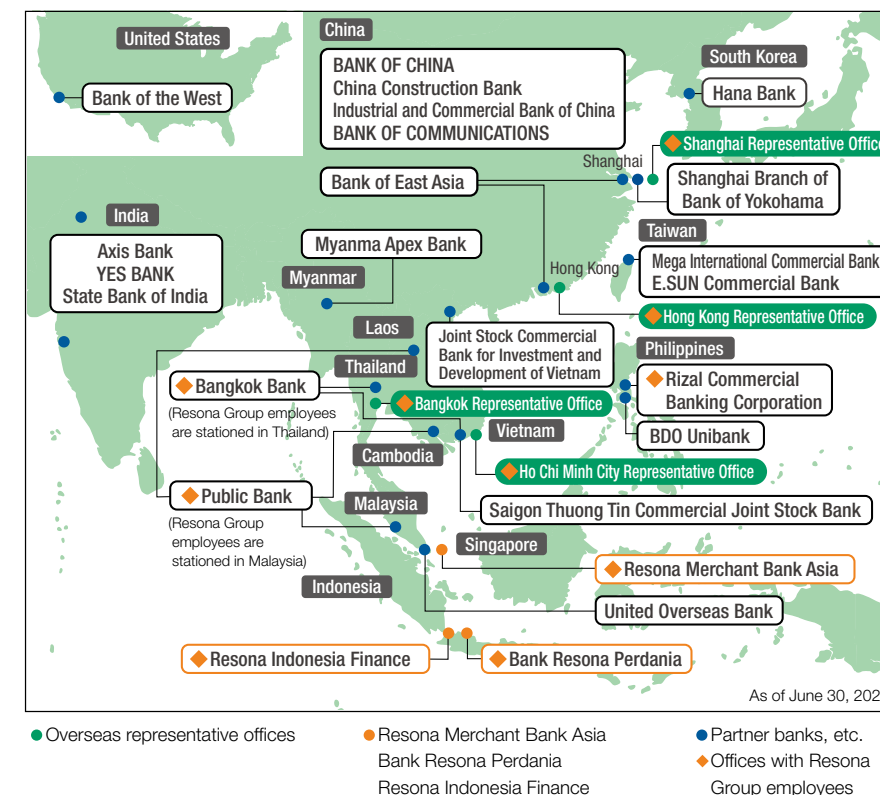
4 TEIKOKU DATABANK (2021)

5 TEIKOKU DATABANK (2019-2021)

Further Development

International Business

Overall Support for Customers' Overseas Expansion with a Focus on Asia via Overseas Bases and Partner Banks



The Resona Group assists customers in their global expansion and fundraising efforts by employing its network of local subsidiaries, representative offices and partner banks.

In Indonesia, Bank Resona Perdania, which boasts a business track record spanning more than 60 years, offers full-line banking services, while the Singapore-based Resona Merchant Bank Asia strives to meet the funding needs of customers in ASEAN nations, Hong Kong and India for fundraising and M&A solutions.

Moreover, in December 2021, we entered into a business alliance with BDO Unibank, the largest private financial institution in the Philippines in terms of total assets and the number of branches. This move is expected to further strengthen our structure for supporting customers.

Management Support Initiatives for SME Customers

The Resona Group provides management support for customers. To this end, the Group companies cooperate with each other and collaborate with other financial institutions and external professionals to precisely address various needs aligned with the different growth phases of customers.

Support during the Startup and Growth Phases

When engaging with customers in the startup phase, we look at both their financial status and potential for business growth, taking a proactive approach when extending financing and operational support. During the growth phase, we also provide a diverse array of loan products and various solutions, including business matching, global expansion assistance and other support to advance their development.

Support during the Maturity and Transition Phases

We address customer business succession needs based on the owner's vision for the business and thoughts about succession. We then identify optimal solutions and measures to provide comprehensive support for smooth business and asset succession.

Turnaround Support

We provide the support and expertise that a customer requires to turn their company around. This ranges from restructuring the repayment terms of loans, to overhauling management, revitalizing businesses and restructuring operations.

Initiatives to Revitalize Communities

With a corporate mission that affirms our commitment to the further development of regional communities, we energetically support the management of SME customers and the revitalization of regional economies. As part of these efforts, we have entered into comprehensive partnership agreements with prefectural and other local governments while acting as a proactive participant in industry-academia collaboration with local educational institutions.

Moreover, our Business Plazas offer the following three key solutions. First, we provide business matching that takes advantage of the Group's network of approximately 500,000 corporate customers to support the expansion of customers' marketing channels. Second, we offer startup assistance to newly launched corporations. Third, we propose solutions for various human resource-related issues. Thus, we act as an information intermediary to help customers resolve issues they are confronting.

New Seeds
for Growth

Financial Digital Platform

Co-Creation Through Wide-Ranging External Collaboration That Transcends Traditional Frameworks

The Resona Group intends its financial digital platform to transcend traditional frameworks and function as an open platform that can be used by various companies. In the illustration shown here, “function provider” is at the top of the diagram and encompasses fintech firms and other companies from different sectors that provide their functions and services on the platform, enabling the delivery of their services across all of Japan through a wide range of participants, such as regional financial institutions. At the bottom of the diagram, “corporate user” includes regional financial institutions, corporations and other participants that are able to smoothly utilize the diverse and far-ranging services of companies with innovative technologies. The platform features a selection of linked menus. Through the use of APIs, platform participants can rapidly introduce a variety of functions and services without having to integrate systems.

With the intention of expanding platform functions and participants, in April 2022, Resona Holdings, NTT Data and IBM Japan established FinBASE as a joint venture. Along with NTT Data and IBM Japan, which have helped regional financial institutions build their systems, Resona Holdings will work to deliver new functions and services that emphasize the customer experience, while further expanding the number of corporate users.

As a recent example of our initiatives, as a “function provider” we moved to strengthen the development of new data-driven services through a capital and business alliance with BrainPad Inc., and established a consortium to realize the concept of a “multi-channel platform for facial authentication.” For the “corporate user,” we broadened collaboration with regional financial institutions that utilize banking apps and Fund Wrap services offered by the Resona Group.



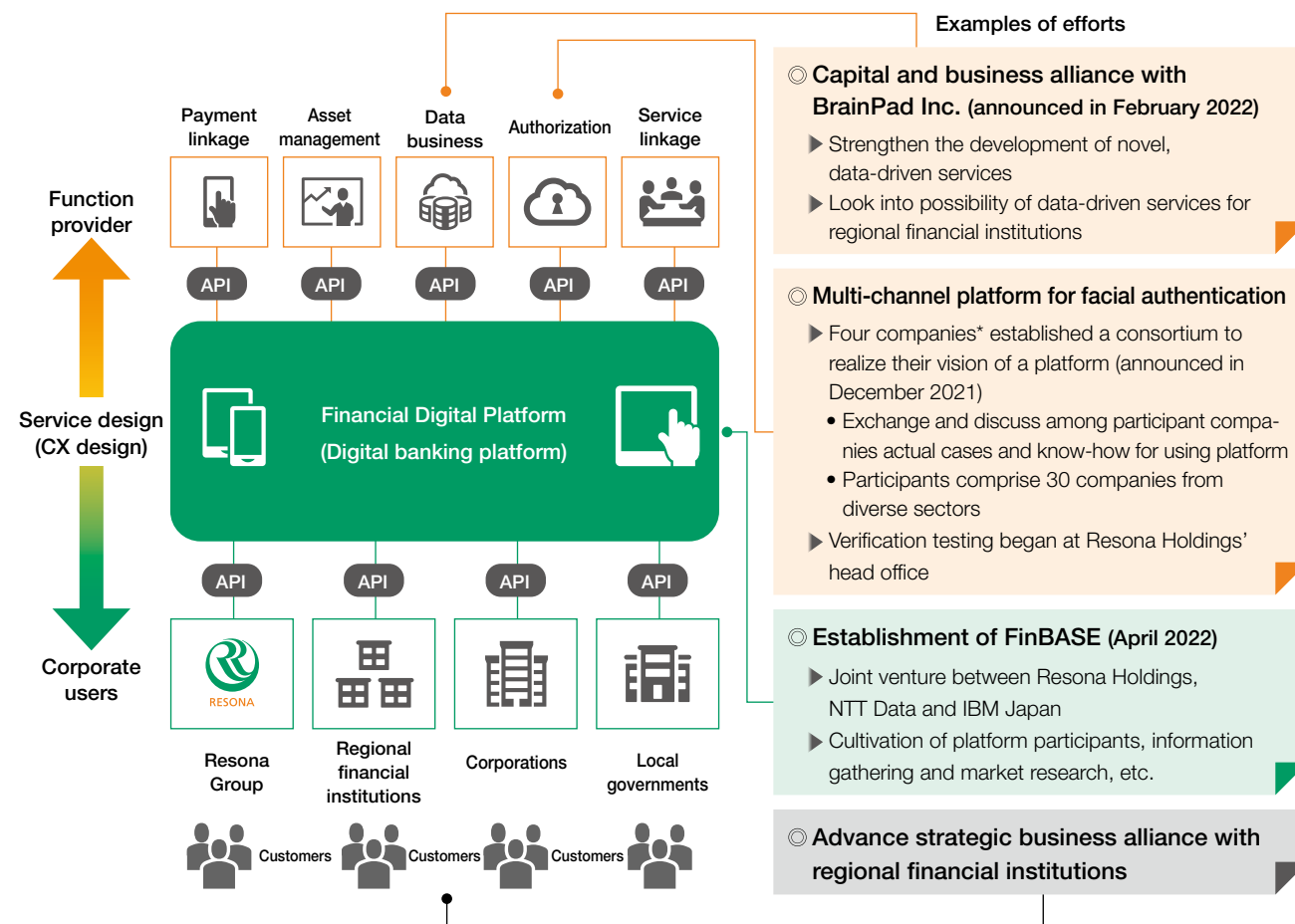
Verification Testing at Resona Group Head Office (payment at retail stores using facial authentication)

Creation and Expansion of Ecosystem That Ensures Win-Win Relationships among All Platform Participants

On the financial digital platform, we aim to create and expand an ecosystem that fosters win-win relationships among all platform participants. Customers (end users) can access a variety of advanced services through transactions with the financial institutions they regularly use. Corporate users are able to reduce development costs while smoothly utilizing the functions and services they need without having to individually negotiate with each function provider. Function

providers are able to offer their functions and services to a broader audience without having to engage in negotiations with corporate users while also reducing their development costs. In addition to these benefits for both corporate users and function providers, as the platform operator, Resona receives income from service fees and the like, and gains insight into new businesses from the use of data.

Financial digital platform that connects regional financial institutions, companies from different sectors and local governments



* Resona Holdings, JCB, Dai Nippon Printing and Panasonic Connect

Platform participants and users

Anticipated benefits

	Customers (end users)	✓ Access a variety of financial and non-financial services at banks, businesses, municipal offices and other facilities often visited
	Corporate users	✓ Smoothly utilize a diverse range of innovative services while delivering services to end users ✓ Choose necessary functions and services from options offered via a cafeteria system ✓ Mitigate burdens from individual negotiations with function providers and reduce development costs
	Function providers	✓ Provide a wider range of functions and services and secure a path to profitability ✓ Mitigate burdens from individual negotiations with corporate users and reduce development costs
	Resona Group	In addition to providing corporate users and function providers with the above benefits, Resona can enjoy the following benefits as the platform provider: ✓ Receive fees and other income from services provided via the platform ✓ Utilize data and discover new businesses

Provide More Customers with Resona's Unique Products and Services

From the standpoint of function providers, we have been able to accelerate the rollout of banking apps and the fund wrap, both of which are now available through the platform, to participants outside the Group. For example, Joyo Bank and Ashikaga Bank have already begun offering banking apps, and The Hyakujushi Bank and Keiyo Bank plan to deploy similar apps. The fund wrap became available at Bank of Yokohama from April 2021 and at Keiyo Bank from June 2022, and 77 Bank has started to consider the introduction of this product as well.

Speedy development without having to integrate systems, thanks to use of APIs

Digital field

Banking App

- ✓ Joyo Bank / Ashikaga Bank (started offering from March 2021)
- ✓ The Hyakujushi Bank (plans to start offering in FY2022)
- ✓ Keiyo Bank (scheduled to be handled in the future)

Solutions field

Fund Wrap

- ✓ Bank of Yokohama (started offering from April 2021)
- ✓ Keiyo Bank (started offering from June 2022)
- ✓ 77 Bank (under negotiation)

New Seeds for Growth

New Business Development That Breaks Free of the Bank Model

New Value Creation through New Ideas and Approaches

The Resona Group aims to develop new businesses that transcend the traditional framework for banks with new ideas and approaches from the starting point of solving issues confronting customers and society.

We aim to move forward by proactively introducing agile concept building and development systems that transcend the boundaries of companies and organizations and by using the Cross Functional Teams (CFT)* to advance reforms with an emphasis on speed and effectiveness.

Furthermore, we are taking on the challenge of creating new value based on agile thinking and novel ideas by leveraging Resona Garage, an open innovation facility established

in September 2020 to facilitate co-creation. At this facility, employees are allowed to adopt a relaxed dress code and engage in innovative work styles, taking full advantage of its expansive, unpartitioned work spaces within which fixed-line phones have been abolished.

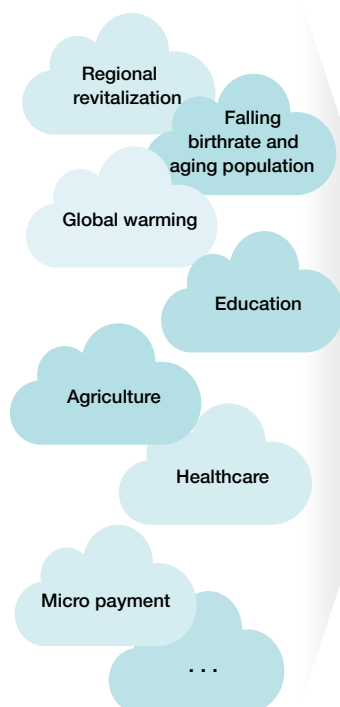
Lately, we have taken on the challenge of entering new fields while utilizing the framework of an “advanced banking service company” under the Banking Act, for example, setting up several new companies to support customers with digital transformation (DX) and help solve region-specific issues. We will continue to create new businesses in a wide range of fields.



Aiming to Resolve Social Issues

New Ideas and Approaches

Accelerate Creation of New Businesses



Utilization of CFT

Agile concept



Innovative work styles



◎ Pursue co-creation by employing wide-ranging connections

Financial Digital Platform

FinBASE
(Established in April 2022)

Data utilization

BrainPad Inc.
(Capital and business alliance in February 2022)

Assist in promotion of DX

Resona Digital Hub
(Established in April 2022)

- ✓ Provide SME customers with one-stop support for their DX
- ✓ Collaborate with more than 20 external companies, including system integrators and IT vendors

◎ Utilize “advanced banking service company” under the Banking Act

Help resolve region-specific issues

Regional Design Laboratory of Saitama
(Established in October 2021)

Help resolve region-specific issues

Mirai Reenal Partners
(Established in March 2022)

* Cross-organizational teams dedicated to the creation of new businesses, further development of existing businesses and rebuilding of operations

Rebuilding Our Foundations

Reforms of Sales Styles, Business Processes and Channel Networks

Simultaneous Pursuit of Enhanced Customer Convenience and Low-Cost Banking Operations

Based on the idea that branches constitute an essential contact point with customers, we are advancing reforms to our sales styles, business processes and channel networks. Specifically, in order to shift the branch mission from clerical work to the provision of solutions, we are promoting DX-driven reforms of business processes. At branches, we

have introduced Group tablets with the same UI and UX as the Group app, enabling the easy and quick completion of all steps from consultation to procedures without regard to location. For more advanced consultations and complicated procedures, specialist staff at headquarters can help customers via teleconferencing.

◎ Shifting branch missions from clerical work to the provision of solutions

- Aiming to “integrate consulting services and banking procedures” and to achieve “no clerical work” by utilizing DX

Location free x Easy operation

Speedy procedure with the same UI and UX as the Resona Group App



Consultation services and banking procedures completed via the use of tablets



No back-office space (consolidation of clerical work)

Headquarters specialist staff accommodate customer requests via teleconferencing (DSO¹)



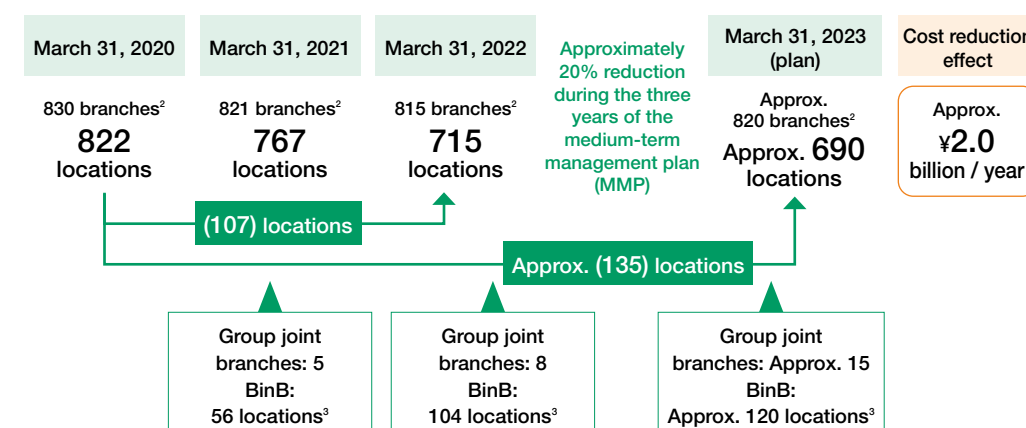
The Resona Group has advanced reforms to its channel network by turning Kansai Mirai Financial Group (KMFG) into a wholly owned subsidiary. In addition to a “branch-in-branch” (BinB) method, where branches formerly located near each other share the same facilities, we are utilizing a “bank-in-bank” method, where Group bank branches previously located in proximity now operate within the same building, with plans

to reduce the number of locations by 20% (approximately 135 locations) from March 31, 2020, to March 31, 2023. We have been making steady progress toward this target.

While reforming business processes through DX, we are simultaneously pursuing improved customer convenience and low-cost operations, to this end downsizing and replacing branches as well as optimizing channels.

◎ Maintain robust customer contact points and low-cost operations at the same time through channel optimization

Number of Manned Branch Offices and Locations (bank total)



A joint branch that houses Resona Bank's Kakogawa Branch and Minato Bank's Kakogawa Branch



A joint branch that houses Resona Bank's Shijonawate Branch and Kansai Mirai Bank's Shijonawate Branch

1 Digital service office
2 Some Seven Days Plazas and other of Resona Bank are not included
3 KMFG's BinB includes mergers with Kansai Mirai Bank Plazas (sub-branches)

Rebuilding Our Foundations

System Structure Reforms

System Structure Reform with an Eye on Technological Evolution

The Resona Group is reforming its system structure for the next generation with an eye on the evolution of technology. We are accelerating systems development with an agile development structure, augmenting our open platform for providing regional financial institutions with Resona's products and services via APIs without the need for systems

integration, breaking away from dedicated terminals used solely by financial institutions and streamlining existing systems. We refer to these initiatives involving generalization, openness and streamlining as Resona NEXT. Using Cross Functional Teams (CFTs), we are rolling these initiatives out across organizational boundaries.

System Structure Reforms: Resona NEXT

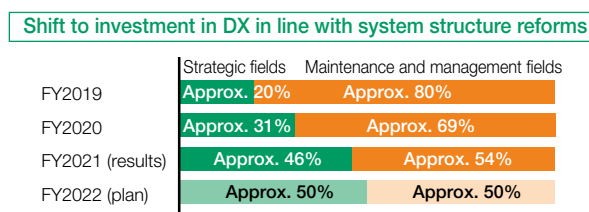
- Secure the capacity to respond to increased strategic investment by drastically streamlining systems and taking an agile development approach
- Provide regional financial institutions with Resona's products and services via APIs without the need for system integration
- Collaborate with fintech firms and companies in other sectors through open APIs and digital platforms

Accelerate systems development speed

Accelerate the shift to open platforms

The Resona Group is increasing the ratio of systems-related investments in DX and other strategic domains. For FY2022, Resona is targeting investment ratios of 50% in strategic fields and 50% in systems maintenance and management. In FY2021, the ratio of investments in strategic fields was approximately 46%, demonstrating our steady shift toward more investment in DX.

Ratio of Systems-Related Investment



Status of Initiatives

Break away from dedicated terminals used solely by financial institutions

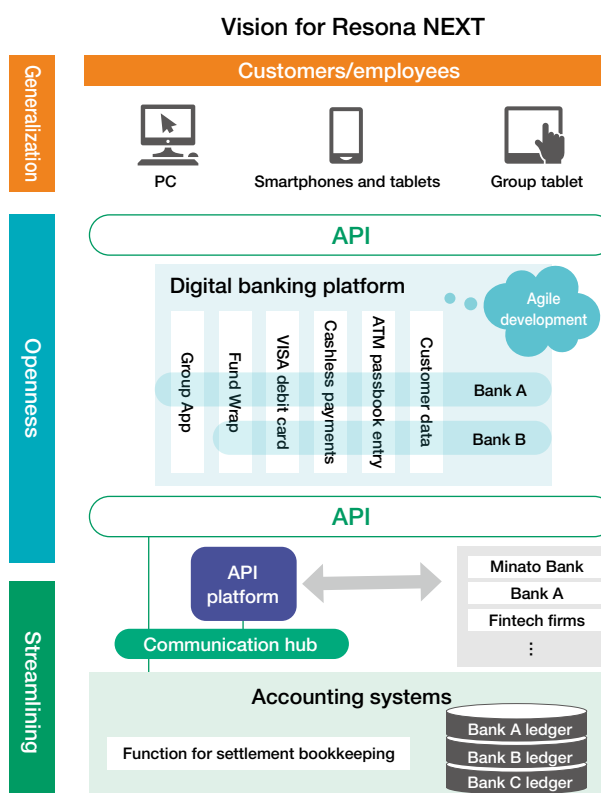
- ✓ Introduction of Group tablet,¹ etc.

Accelerate the shift to open platforms

- ✓ Build an agile development structure
- ✓ Roll out products to Minato Bank (apps, debit cards, etc.)
- ✓ Roll out apps and fund wrap services for regional banks, etc.

Transition from legacy systems to open systems

- ✓ Streamline existing systems
- ✓ Introduce new branch system,² etc.



¹ Rollout to all branches of Resona Bank and Saitama Resona Bank (from January 2022)

² Introduced to all branches of Resona Bank and Saitama Resona Bank by December 2021, plan to roll out to Kansai Mirai Bank ahead of schedule in FY2022

Rebuilding Our Foundations

Cost Structure Reforms

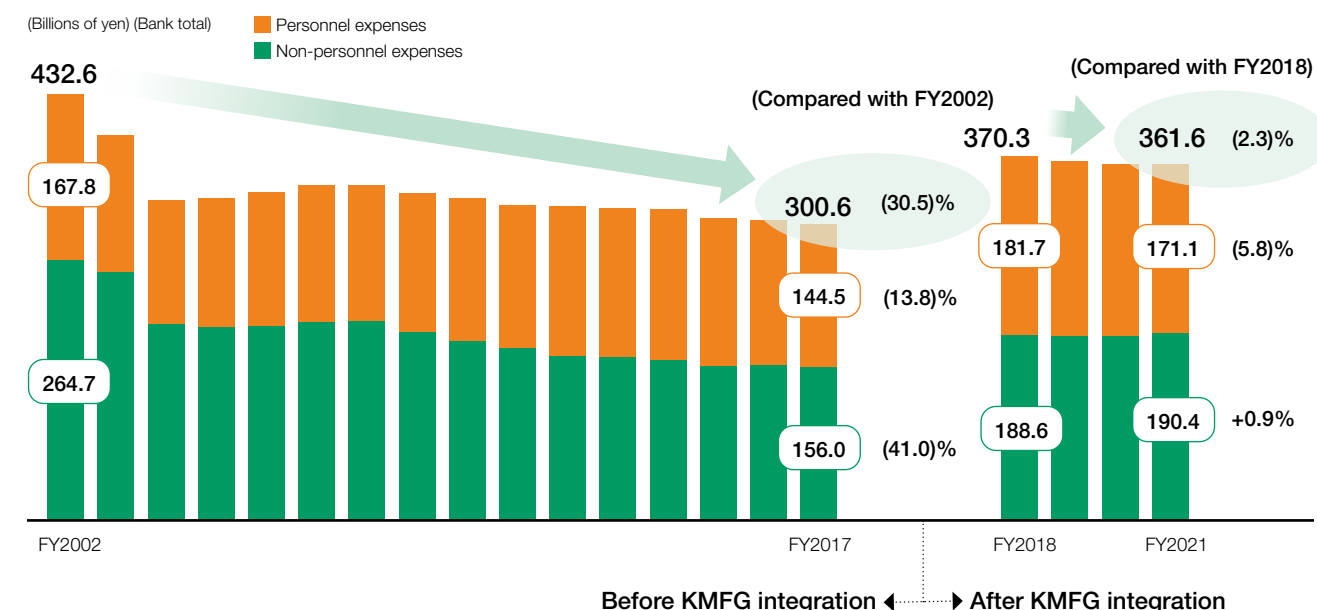
Break Away from the Inherently Cost-Intensive Nature of Retail Operations through Cost Structure Reforms

In order to break away from the inherently cost-intensive nature of retail bank operations, we have been reforming the cost structure from a medium- to long-term perspective. Since 2003, when Resona received an injection of public funds, we have built a thoroughly low-cost business structure through initiatives formulated to help us break away from common banking practices by making decisive operational reforms. As a result, compared with FY2002, Resona had cut personnel and non-personnel expenses by approximately 30% as of FY2017, before the integration with Kansai Mirai

Financial Group (KMFG).

Since the integration with KMFG, personnel and non-personnel expenses increased on a consolidated basis. By FY2021, however, expenses had been cut by 2.3% compared with shortly after the integration with KMFG in FY2018, thanks to Group synergies that helped reduce personnel expenses in particular. Looking ahead, we intend to roll out Resona's operational reform know-how to KMFG and deploy DX to reduce costs even further.

Establish a low-cost business structure via operational reforms while accelerating reforms to the cost structure through DX



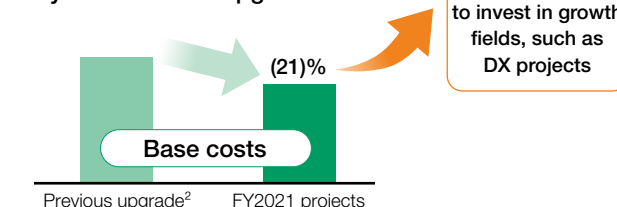
As an example of recent initiatives, we have created a framework for reducing systems-related costs, which account for approximately 40% of non-personnel expenses. We intend to invest in growth fields, such as DX, by the amount of expenses saved, to this end we are striving to cut base costs by 30% for system-related upgrades, compared with the previous round of upgrades. In the previous fiscal year, base costs were cut by approximately 21% for system-related upgrade projects.



Reduce base costs related to systems

- Cut back on base costs at the time of system upgrades (target a approximately 30% reduction)
- Aim to control total costs by reducing base costs while expanding strategic investment in DX, for example

System-Related Upgrade Costs¹



¹ Five-year total including one-time expenses and recurring expenses (e.g., personnel expenses and outsourcing costs)

² Previous system upgrade projects similar to those undertaken in FY2021

Corporate Governance

Cutting-Edge Corporate Governance Structure

In 2003, Resona Holdings became the first domestic banking group to adopt the company with a nominating committee system, aiming to secure management soundness and transparency. Upon the transition to the new system, Resona Holdings appointed individuals from outside the Group to the post of Chairman and six outside director seats. This ensured that a sufficient number of highly independent outside directors were assigned membership in the Board of Directors and the three committees (the Nominating, Audit and Compensation committees) so as to constitute a majority in all of these bodies. Since thus renewing its management structure, Resona Holdings has striven to upgrade its governance systems by, for example, promoting young individuals to executive officer positions and introducing a highly transparent and objective framework for the evaluation of director performance based on assessments and interviews conducted by a third-party agency.

In May 2015, the Company formulated the “Basic Corporate Governance Policy,” which defines Resona Holdings’ fundamental approach to, framework for and practice of corporate governance. This policy stipulates that “The Board of Directors shall consist of directors having diversified and extensive knowledge” and that “in principle, highly independent outside directors shall constitute a majority of the Board.” With regard to the Nominating and Compensation committees, the policy mandates that these bodies shall consist of, in principle, highly independent outside directors

and be chaired by outside directors. Similarly, the policy requires outside directors to constitute the majority of the Audit Committee, which, in principle, shall be chaired by an outside director.

Of the 10 directors currently constituting the Board of Directors, seven are independent outside directors, who together account for the majority and possess extensive knowledge and/or experience in corporate management. The Resona Group aims to avoid making decisions based solely on established norms within the banking industry. Instead, it seeks to incorporate external perspectives and engage in multifaceted discussions to reach the right conclusions through the exchange of a diverse range of opinions. By doing so, the Group strives to achieve sustainable growth and improvement in corporate value.

Resona Bank, Saitama Resona Bank and Kansai Mirai Financial Group (KMFG) have similarly secured clear separation between management supervision and business execution by adopting the company with an audit and supervisory committee system. All three of these companies have appointed to their boards multiple qualified individuals as highly independent outside directors.

Not content with establishing the governance systems described above, Resona Holdings strives to enhance its role and functions as a company with a nominating committee, to this end taking advantage of such input as findings from the annual evaluation of the Board of Directors’ effectiveness.

Overview of Upgrading of Resona Holdings’ Corporate Governance Structure

2003 – 2022	
Form of governance structure	<p>2003 Became the first in the domestic banking industry to transition to a company with a nominating committee</p> <p>2015 Formulated a Basic Corporate Governance Policy</p>
Board of Directors	<p>2003 Independent outside directors formed majority in the Board of Directors</p> <p>2020 Appointed Chairman of the Board of Directors from among non-executive directors</p> <p>2022 Appointed Chairman of the Board of Directors from among independent outside directors</p>
Nominating Committee	<p>2006 Established “Standards for Electing Director Candidates” for the selection of outside director candidates</p> <p>2007 Introduced a succession plan</p> <p>2012 Committee members consist solely of independent outside directors</p>
Compensation Committee	<p>2004 The directors’ retirement benefit system was abolished, and the Board of Directors introduced a performance-based compensation system</p> <p>2010 Introduced a share-based compensation system</p> <p>2012 Committee members consist solely of independent outside directors</p> <p>2017 Introduced Performance Share Units (PSUs)</p> <p>2020 Introduced a Share Benefit Trust as an incentive for executive officers</p>
Audit Committee	<p>2016 Established a dual-reporting line system that designates the Audit Committee as the primary body to receive reporting from the internal audit divisions</p>
Other	<p>2005 Presidents of Group banks began concurrently serving as executive officers at Resona Holdings</p> <p>2015 Named a “Winner Company” under the Corporate Governance of the Year program sponsored by the Japan Association of Corporate Directors</p> <p>2019 Resona Bank and Saitama Resona Bank adopted the company with an audit and supervisory committee system</p>

Basic Approach to Corporate Governance

Resona Holdings (hereinafter the “Company”) has established the “Basic Corporate Governance Policy” to facilitate the sustained growth and improvement of the corporate value of the Resona Group (hereinafter the “Group”) over the medium and long term.

- The Company, as the holding company of the financial services group, including Resona Bank, Saitama Resona Bank and Kansai Mirai Financial Group (KMFG), shall maximize the corporate value of the Group.

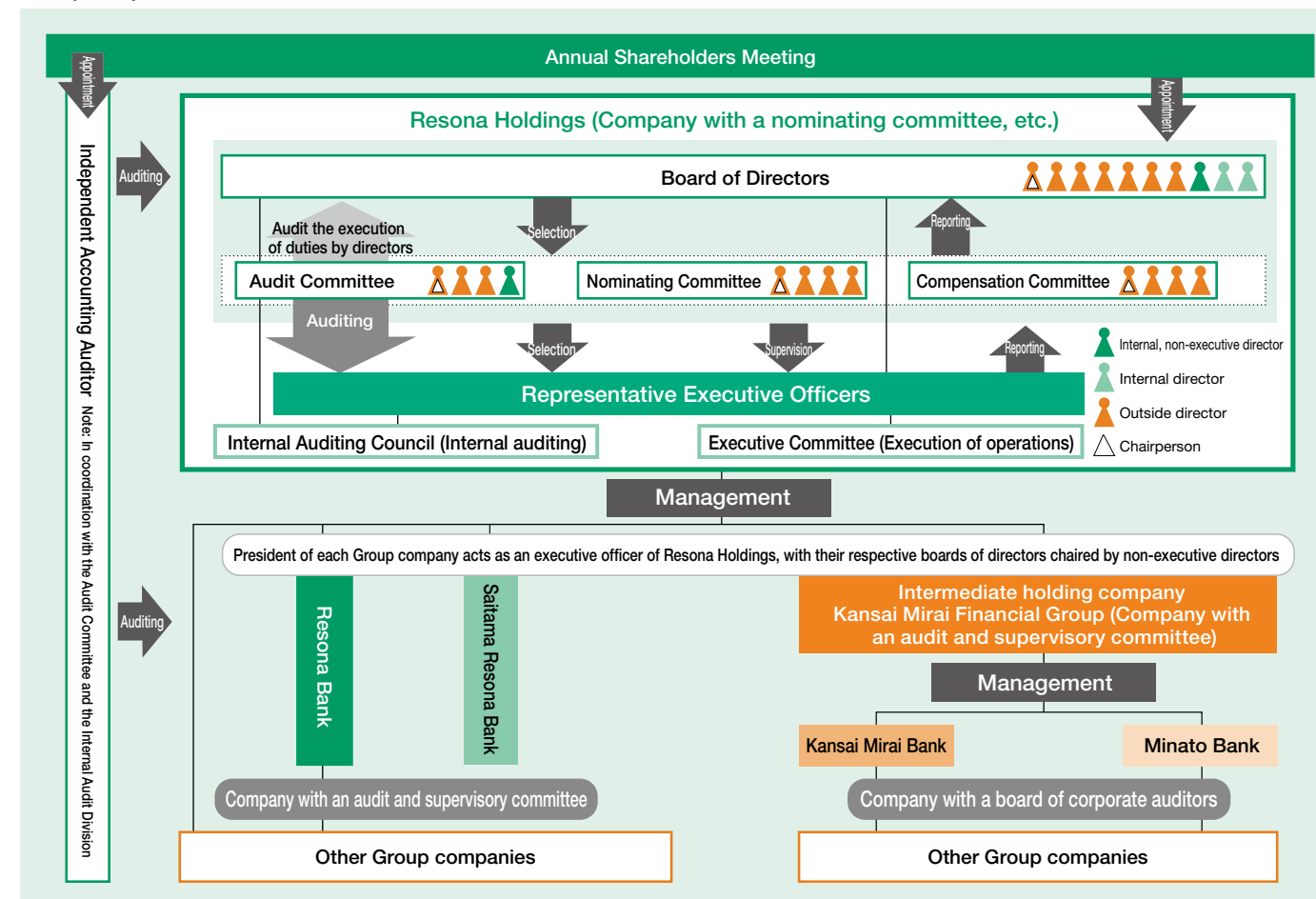
- The Company shall respect all stakeholders, including shareholders, and aim at achieving excellent corporate governance so that the Company can make decisions rapidly and decisively in response to environmental changes, including economic and social changes.
- The Company shall establish the “Corporate Mission (Resona Group Management Philosophy),” a general philosophy of management of the Group, and the “Resona Way (Resona Group Corporate Promises),” a specific form of the philosophy, under which the Group shall implement business operations in a concerted manner.

The Company’s Corporate Governance System

- Based on the aforementioned basic approach to corporate governance, the Company shall clearly separate the management supervision function from the business execution function and adopt the form of a “company with a nominating committee, etc.,” as a corporate governance system because the Company determines that this system can enhance the supervision and decision-making functions of the Board of Directors.

- The Company shall fully utilize external views in its business management and secure transparency and fairness in management by ensuring the Board of Directors, on which highly independent outside directors constitute a majority, and the three committees (Nominating Committee, Compensation Committee and Audit Committee) fulfill their functions.
- The Company shall ensure the autonomy of its subsidiaries and instruct the subsidiaries to manage their business activities based on the aforementioned basic approach to corporate governance so that the Group will grow together with regional communities.

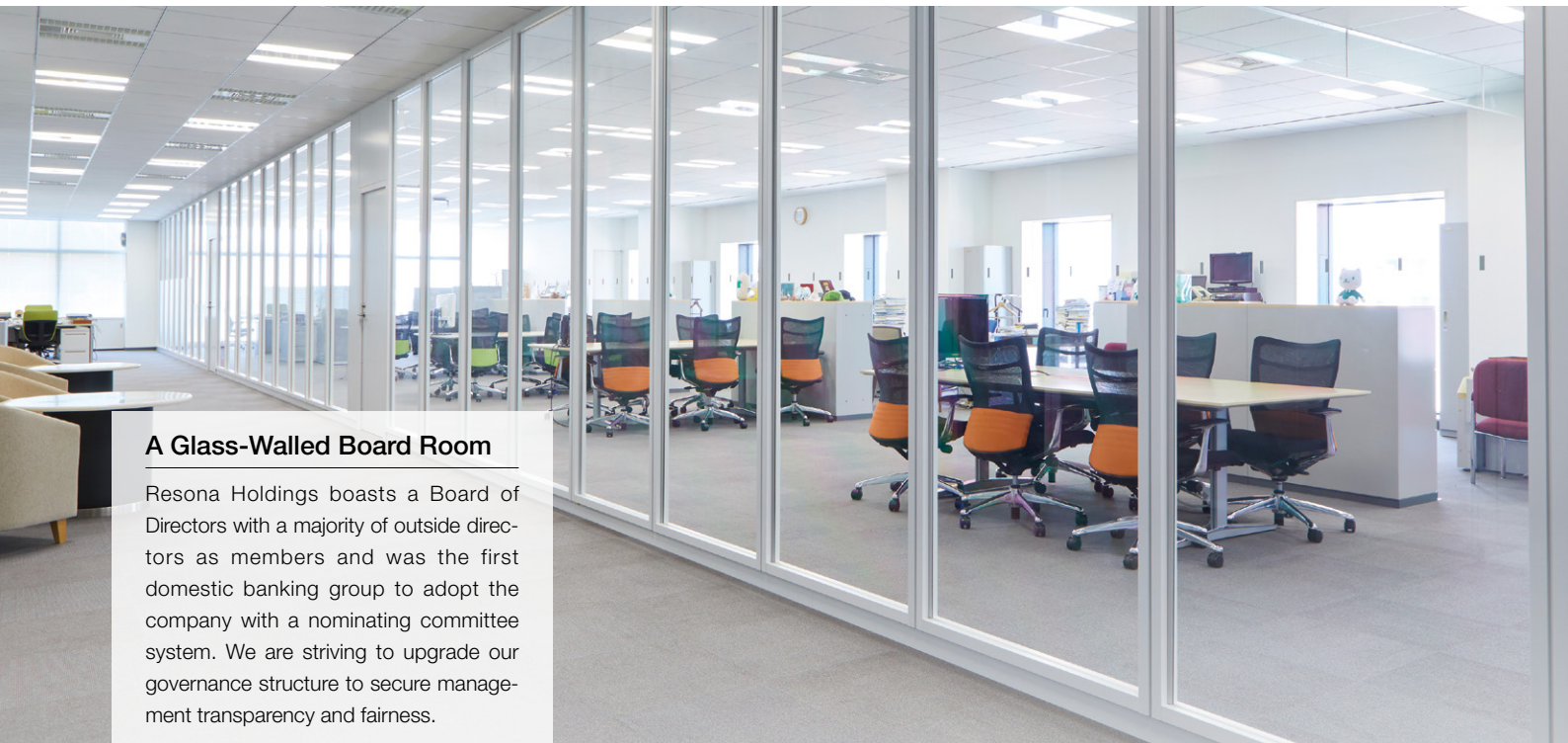
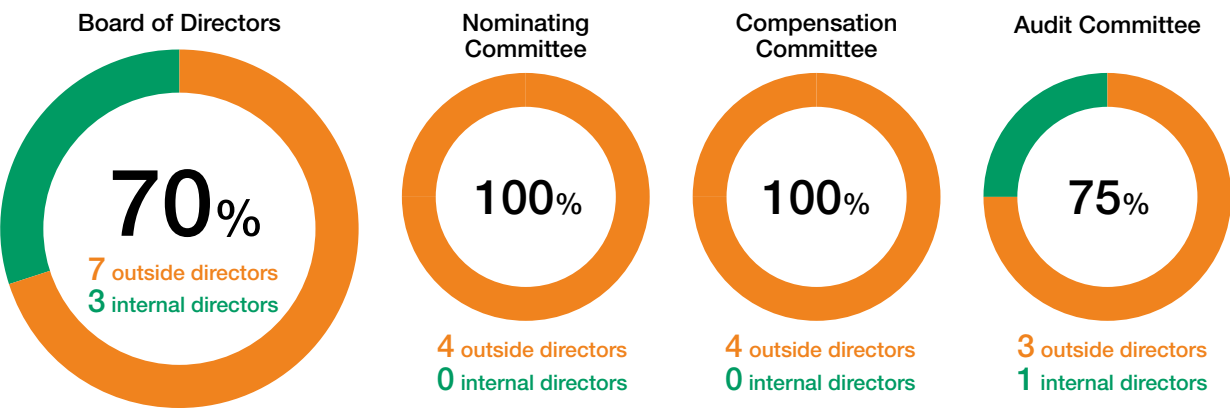
Group Corporate Governance Framework



Supervisory Structure



Ratio of Outside Directors



A Glass-Walled Board Room

Resona Holdings boasts a Board of Directors with a majority of outside directors as members and was the first domestic banking group to adopt the company with a nominating committee system. We are striving to upgrade our governance structure to secure management transparency and fairness.

Operations of the Board of Directors

In FY2020, Resona Holdings made it a rule to assign the position of Chairman to an internal director holding no concurrent position as an executive officer of the Company, with the aim of securing even clearer functional separation between management supervision and business execution. Furthermore, in June 2022, the Company appointed an independent outside director as Chairman.

In addition to directors, Board meetings are attended by the presidents of Resona Bank, Saitama Resona Bank, Kansai Mirai Financial Group (KMFG), Kansai Mirai Bank and Minato Bank as observers to ensure the effective management of Group operations, which leads to active discussions at Board meetings.

Also, sufficient time is allocated to question and answer sessions. In FY2021, the Board of Directors met 18 times, with an average attendance rate among the directors of 97.1%. The average meeting length was one hour and 11 minutes, and the average number of agenda items discussed per meeting amounted to 5.6.

From April 2021 onward, joint explanation meetings have been held prior to each Board of Directors meeting, with representatives from departments in charge of relevant matters directly providing outside directors with briefings on the outline and points of agenda items. These briefings also address questions, opinions, and other feedback gleaned from outside directors in advance, with the aim of helping spur discussion by the Board of Directors.

Fiscal 2021 Initiatives

In FY2021, the Board of Directors implemented the following initiatives to enhance the effectiveness of its operations.

(1) Determining themes to be addressed by the Board of Directors throughout the year

- To clarify the direction of the Board of Directors' discussion, the Board identified themes to be addressed throughout the year in order to strengthen supervisory functions over various strategies by taking the Groupwide viewpoint into account.
- Furthermore, the Board continued to hold free discussion sessions to facilitate deliberations on strategic matters requiring a long-term perspective.

(2) Stepping up initiatives to ensure the deeper understanding of agenda items

- To enhance their understanding of initiatives undertaken by divisions in charge of business execution and the operating environment surrounding the Group, each outside director is given opportunities to exchange opinions with representatives from these divisions in addition to attending study sessions.
- The method of providing prior briefings on agenda items for outside directors was reorganized into joint prior explanation meetings in which representatives from departments in charge of relevant matters directly provide briefings. Moreover, the secretariat conducted follow-up briefings for each individual. By this action, the Company strove to better enable its Board of Directors to engage in in-depth discussions of agenda items.

Main Initiatives (FY2021)

Free discussion sessions	Conducted deliberations on strategic matters requiring a long-term perspective											
Opinion exchange meetings	Held meetings involving representatives of divisions in charge of business execution to provide outside directors with essential knowledge of and timely updates regarding matters addressed by the Board of Directors to ensure meaningful discussions											
Onsite tours	Facilitate understanding of the Resona Group's business operations via visits to business bases as well as dialogue with frontline employees											
Interaction meetings for outside directors	With the aim of further enhancing the Board of Directors' effectiveness, held meetings to help outside directors interact with their peers at Group banks and deliberated on the roles listed companies are called on to fulfill from the perspective of addressing ESG issues											
	2021/Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	2022/Jan.	Feb.	Mar.
SDGs (long-term vision and targets toward the realization of SX)		Determination of agenda items to be addressed by the Board throughout the year		DX strategy	Resona Bank Interaction meeting for outside directors	Outline and direction of DX strategy	Recognition of issues associated with international business strategy	Status of response to climate change risks and policies for activities going forward	Information Technology Planning Div.	Reduction plan for policy-oriented stockholdings	Progress in the MMP	Status of CFT activities
					Saitama Resona Bank Interaction meeting for outside directors	Human Resources Div.	Treasury Planning Div.	Resona Bank Azabu Branch (next-generation branch system)	Resona Bank Osaka Operations Support Office (a base supporting frontline sales activities)	Resona Bank Trust Business Planning Div., Pension Business Div.	Efforts to enhance Resona's brand capabilities	
								KMFG Interaction meeting for outside directors				

Self-Evaluation of the Board of Directors

The Company's Board of Directors conducts an annual analysis and evaluation of its effectiveness as a whole based on the opinions of each director with regard to their assessment of the operations and functionality of the Board as well as matters discussed at the Board of Directors meetings.

The fiscal 2021 self-evaluation was conducted through questionnaires targeting each director and indicated that the Board deserved high evaluations for most key items associated with its role, composition and effectiveness.

The self-evaluation also confirmed that the Board's initiatives yielded a certain level of improvement regarding issues identified via the fiscal 2020 self-evaluation (the need to allocate more time to deliberations that take into account Groupwide and medium- to long-term perspectives and step up initiatives to ensure the deeper understanding of agenda items).

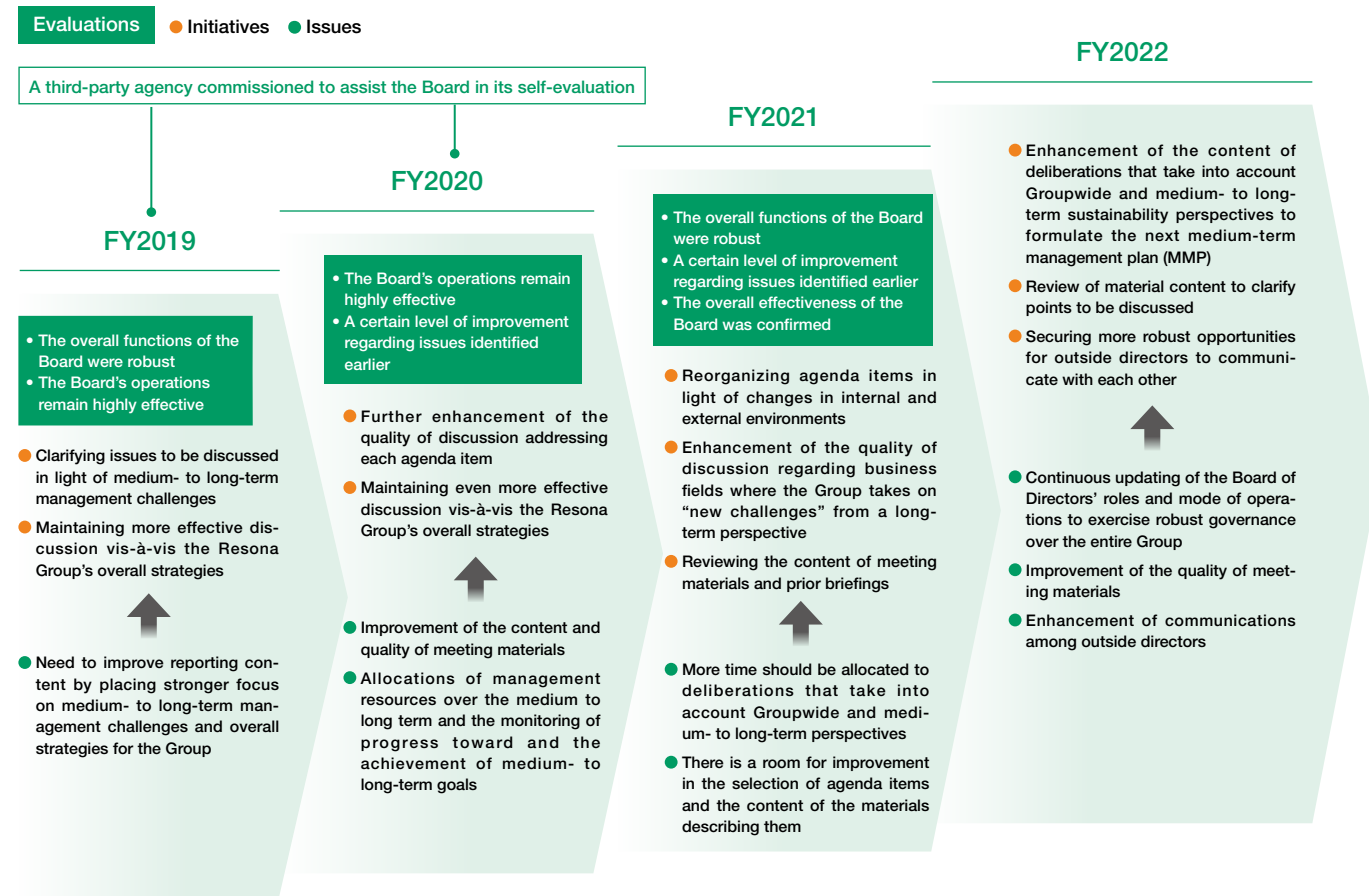
Taking these findings into account, the evaluation thus concluded that the overall functions of the Board were robust and its operations remain highly effective. On the other hand, the self-evaluation suggested that in order for the Board of Directors to exercise robust governance over the entire Group, the Board should continue to update its roles and its mode of operations. Accordingly, it was recommended that the Board should enhance the content of deliberations that take into account Groupwide and medium- to long-term perspectives. The self-evaluation also determined that the Board should work to improve the quality of meeting materials in addition to upgrading measures to facilitate communications among outside directors and otherwise support robust discussions at the Board room. The Company's Board of Directors will address these and other issues while enhancing the content of discussions through the improvement of its operations based on such input as the opinions of individual directors.

Self-Evaluation of the Board of Directors Effectiveness

In 2015, the Company's Board of Directors began conducting a self-evaluation of its effectiveness, building on the conventional practice of distributing questionnaires to outside directors to find out what they want to say about its operations. Targeting all members of the Board, this self-evaluation confirms feedback from each individual with regard to such matters as the role and functions of the Board, the status of operations, response to issues identified via the last year's self-evaluation and the operational status of the three committees.

The results of the self-evaluations submitted by each individual are reported to and deliberated on by the Board of Directors.

In addition, over a two-year course from fiscal 2019, the Board of Directors reviewed the entirety of items included in the questionnaire and otherwise strove to upgrade its self-evaluation framework, commissioning a third-party agency to support these endeavors. The final results of this self-evaluation and the status of initiatives undertaken by the Board thus far are as outlined below.



Resona Succession Plan

Aiming for sustained improvements in corporate value, the Company, KMFG and their subsidiary banks introduced succession plans in June 2007 that serve as a mechanism to ensure the successions of the top management roles and responsibilities at these Group entities and secure the transparency of the process of selecting and nurturing directors.

The scope of the succession plans covers various candidates for the Company, KMFG and their subsidiary banks, ranging from those who are presidents to those who are new candidates for executive officer positions. The process of selecting and nurturing successors is carried out at a measured pace according to a schedule. The Group ensures the objectivity of this process by drawing on the advice of external consultants. Evaluations of candidates undergoing the process are reported to the Nominating Committee. In addition to receiving reports on candidate evaluations, members of

the Nominating Committee come into direct contact with candidates as part of the process, evaluating candidates' characters from various aspects. The activities of the Nominating Committee are reported to the Board of Directors, of which outside directors are the majority, and are discussed from diverse perspectives. Through the entire process, which is highly transparent, each potential director's capabilities and competencies are closely studied and enhanced where appropriate.

In addition, the Company has set forth seven competencies that define the ideal candidate for the position of director. By ensuring that the directors in the Nominating Committee as well as the other directors share common ideals regarding candidates, the Company clarifies standards for the evaluation and nurturing of successors and thereby aims to realize impartiality during the entire process.

Compensation for Directors and Executive Officers

Overview of Compensation Policy

The Company's compensation policy is determined by the Compensation Committee consisting solely of independent outside directors. The current compensation policy is as outlined below

1. Basic Approach

- Remuneration for directors and executive officers is determined by the Compensation Committee following objective and transparent procedures.
- Compensation systems for directors are focused on rewarding the performance of their primary duty of providing sound supervision of executive officers and compensation itself consists of a position-based portion and a duty-based additional portion paid in cash.
- Compensation systems for executive officers are designed to maintain and boost their motivation to carry out their business execution duties, with the performance-based variable portion accounting for a significant proportion of their total compensation. In addition, with the aim of promoting the Group's sustainable growth and strengthening incentive systems for executive officers on a medium- to long-term basis to enhance shareholder value, these compensation systems include a medium- to long-term incentive in the form of performance-based stock compensation.

2. Policy for the Determination of the Composition of Compensation and Other Benefits for Individual Directors and Executive Officers

(1) Position-based compensation

The position-based portion is determined by the nature and scope of responsibilities held by each individual. The proportion of position-based compensation in total compensation received by each executive officer is as presented in "Compensation System for Executive Officers."

(2) Duty-based additional compensation

The duty-based additional portion is determined by the nature and scope of responsibilities held by each outside director who serves as a member of the Nominating Committee, Compensation Committee or Audit Committee.

(3) Annual incentive and medium- to long-term incentive

Executive officers are offered both an annual incentive and a medium- to long-term incentive in line with the Group's performance and individual achievements. Under these incentives, the performance-based portion is more heavily weighted for individuals in higher positions than it is for those in lower positions. The proportion of annual incentive and medium- to long-term incentive in total compensation received by each executive officer is as presented in "Compensation System for Executive Officers."

Compensation System for Directors

Name	Content and payment method, etc.	
Position-based compensation	Position-based compensation (fixed-amount cash compensation) ● Determined based on the significance of responsibilities associated with the recipient's position and duties.	Paid monthly
Duty-based additional compensation	Duty-based additional compensation (fixed-amount cash compensation) ● Paid to outside directors serving as members of Nominating, Compensation and/or Audit committees.	Paid monthly

Compensation System for Executive Officers

Name	Content and payment method, etc.	
Position-based compensation 33%-54%	Position-based compensation (fixed-amount cash compensation) ● Determined based on the significance of responsibilities associated with the recipient's position and duties.	Paid monthly
Annual incentive 23%-33%	Annual incentive (performance-based cash compensation) ● Determined based on the Company's annual operating results and individual achievements in the previous fiscal year, with the allocable amount varying from as low as zero to as high as 1.7 times the standard amount. <div> <div> The Group's performance <ul style="list-style-type: none"> Net income attributable to owners of parent Consolidated fee income ratio Consolidated cost income ratio CET1 ratio </div> <div> Individual achievements <ul style="list-style-type: none"> ✓ Evaluation of the status of initiatives aimed at helping realize SDGs ✓ Evaluation of the status of medium- to long-term initiatives and annual goals </div> </div>	Paid annually
Medium- to long-term incentive (performance-based stock compensation) 23%-33%	Medium- to long-term incentives (performance-based non-cash compensation) ● In fiscal 2020, the Group introduced a performance-based stock compensation program, incorporating a Share Benefit Trust scheme and stipulating that stock compensation be paid to individuals in executive positions in line with the evaluation of their achievements during the term of the medium-term management plan (MMP) (April 2020 to March 2023). ● The aim of the performance-based stock compensation program is to increase the incentive for recipients to realize the goals of the MMP while linking the compensation system itself more closely to shareholder value. The evaluation indices used are as presented below. <div> <div> Relative TSR (dividend-adjusted stock price index in comparison with banking industry peers) Consolidated ROE (based on shareholders' equity) </div> <div> <ul style="list-style-type: none"> ✓ Utilize a trust scheme ✓ Provide shares ✓ Secure linkage with corporate performance </div> </div>	Paid once every three years (Upon the closure of the MMP period)

Resona Holdings Directors

Outside Directors (7 members)



Outside Director, Chairperson of Nominating Committee and Member of Audit Committee

Hidehiko Sato
Number of Resona Holdings shares held
Common stock: 11,700 shares

Joined National Police Agency in 1968. Assumed the office of Commissioner General of National Police Agency in 2002. Registered as Attorney-at-law in 2011 and currently belongs to Hibiki Law Office (incumbent). Joined the Company as Outside Director in 2015, up to the present.



Outside Director, Chairperson of Audit Committee and Member of Compensation Committee

Chiharu Baba
Number of Resona Holdings shares held
Common stock: 17,000 shares

Joined The Industrial Bank of Japan, Limited in 1973. Assumed the office of Deputy President and Representative Director of Mizuho Trust & Banking Co., Ltd. in 2005. Assumed the current position of Outside Director of the Company in 2017.



Outside Director, Chairperson of Compensation Committee and Member of Nominating Committee

Kimie Iwata
Number of Resona Holdings shares held
Common stock: 8,200 shares

Joined the Ministry of Labour in 1971. Assumed the office of Representative Director, Executive Vice President of Shiseido Company, Limited in 2008. Assumed the current position of Outside Director of the Company in 2019.



Outside Director, Member of Nominating Committee and Member of Compensation Committee

Setsuko Egami
Number of Resona Holdings shares held
Common stock: 10,600 shares

Became the chief editor of *Travail*, a job magazine issued by Recruit Co., Ltd., in 1983. Became Professor at Faculty of Sociology of Musashi University in 2009. Assumed the current position of Outside Director of the Company in 2020.



Outside Director, Chairman of the Board and Member of Nominating Committee

Fumihiko Ike
Number of Resona Holdings shares held
Common stock: 10,000 shares

Joined Honda Motor Co., Ltd. in 1982. Assumed the position of Chairman and Representative Director in 2013. Assumed the current position of Outside Director of the Company in 2021.



Outside Director and Member of Compensation Committee

Sawako Nohara
Number of Resona Holdings shares held
Common stock: 0 shares

Joined Mitsubishi Petrochemical Co., Ltd. in 1980. Assumed the position of Representative Director and President of IPSe Marketing, Inc. in December 2001 (incumbent). Assumed the current position of Outside Director of the Company in 2022.

Internal Directors (3 members)



Director, President and Representative Executive Officer

Masahiro Minami
Number of Resona Holdings shares held
Common stock: 37,600 shares

Assumed the position of Executive Officer and General Manager of Omni-Channel Strategy Division and Group Strategy Division of the Company in 2017. Assumed the position of Director and Executive Officer in 2019. Assumed the current position of Director, President and Representative Executive Officer in 2020. (Concurrently serves as Director of Resona Bank)



Director and Executive Officer

Mikio Noguchi
Number of Resona Holdings shares held
Common stock: 16,600 shares

Assumed the current position of Director and Executive Officer in charge of DX Planning Division, Information Technology Planning Division, IT Security Planning Division and Group Strategy Division (System Reform) in 2022. (Concurrently serves as Senior Managing Executive Officer of Resona Bank)



Director and Member of Audit Committee

Hisahiko Oikawa
Number of Resona Holdings shares held
Common stock: 12,700 shares

Assumed the position of Executive Officer in charge of Compliance Division in 2018. Assumed the current position of Director and member of Audit Committee in 2022. (Concurrently serves as Director of Resona Bank)

Skills Expected of Directors

The basic policy for corporate governance provides that the Board of Directors shall consist of Directors possessing diversified and extensive knowledge.

In line with this policy, the Company has defined the skills, experience and knowledge expected of each candidate for Director as described below.

		Organizational management	Legal/ Compliance/ Risk management	Finance/ Accounting	Areas of focus in terms of the pursuit of the "Retail No. 1" financial services group				
					Breaking free of the bank model	IT/Digital	Sustainability	Diversity & Inclusion	Globalization
Masahiro Minami		●	●	●	●	●	●	●	●
Mikio Noguchi					●	●			
Hisahiko Oikawa			●						
Hidehiko Sato	Outside Director	●	●		●			●	
Chiharu Baba	Outside Director	●	●	●	●				●
Kimie Iwata	Outside Director	●			●		●	●	
Setsuko Egami	Outside Director		●		●		●	●	
Fumihiko Ike	Outside Director	●	●		●	●			●
Sawako Nohara	Outside Director		●		●	●		●	
Masaki Yamauchi	Outside Director	●			●		●		



Outside Director and Member of Audit Committee

Masaki Yamauchi
Number of Resona Holdings shares held
Common stock: 0 shares

Joined Yamato Transport Co., Ltd. in 1984. Assumed the position of Representative Director, President and Executive Officer of Yamato Transport Co., Ltd. in 2011 and Representative Director, Executive Officer and President of Yamato Holdings Co., Ltd. in 2015. Assumed the current position of Outside Director of the Company in 2022.

Risk Appetite Framework

Framework for Formulating and Executing Strategies to Realize “Retail No. 1”

The Resona Group has defined the purpose of its risk appetite framework as maximizing returns on risk and cost via the optimal allocation of management resources. The Group has thus positioned

this framework as an essential component of its governance and management structure supporting the formulation and execution of its strategies aimed at realizing “Retail No. 1.”

Formulation of Management Strategies and Plans

In formulating management strategies, the Group clarifies the business areas in which it actively takes risks in line with its role in solving the issues confronting its customers and society with reference to the results of analyses of internal and external environments as well as top risks.

Based on multifaceted and sufficient discussions, management strategies are decided at the Board of Directors meeting of Resona Holdings, the majority of which consists of outside directors.

The divisions in charge of business execution then act on such resolutions, formulating various plans associated with such matters as funding and earnings, investments and costs, staffing, risk limits and the capital adequacy ratio.

Before each plan is finalized, risk appetite indices are set to confirm that management resources are optimally allocated to maximize returns on risk and cost and that stress tests are sufficiently carried out to establish a rationale for risk taking and the feasibility of risk control.

Operation and Management of Plans

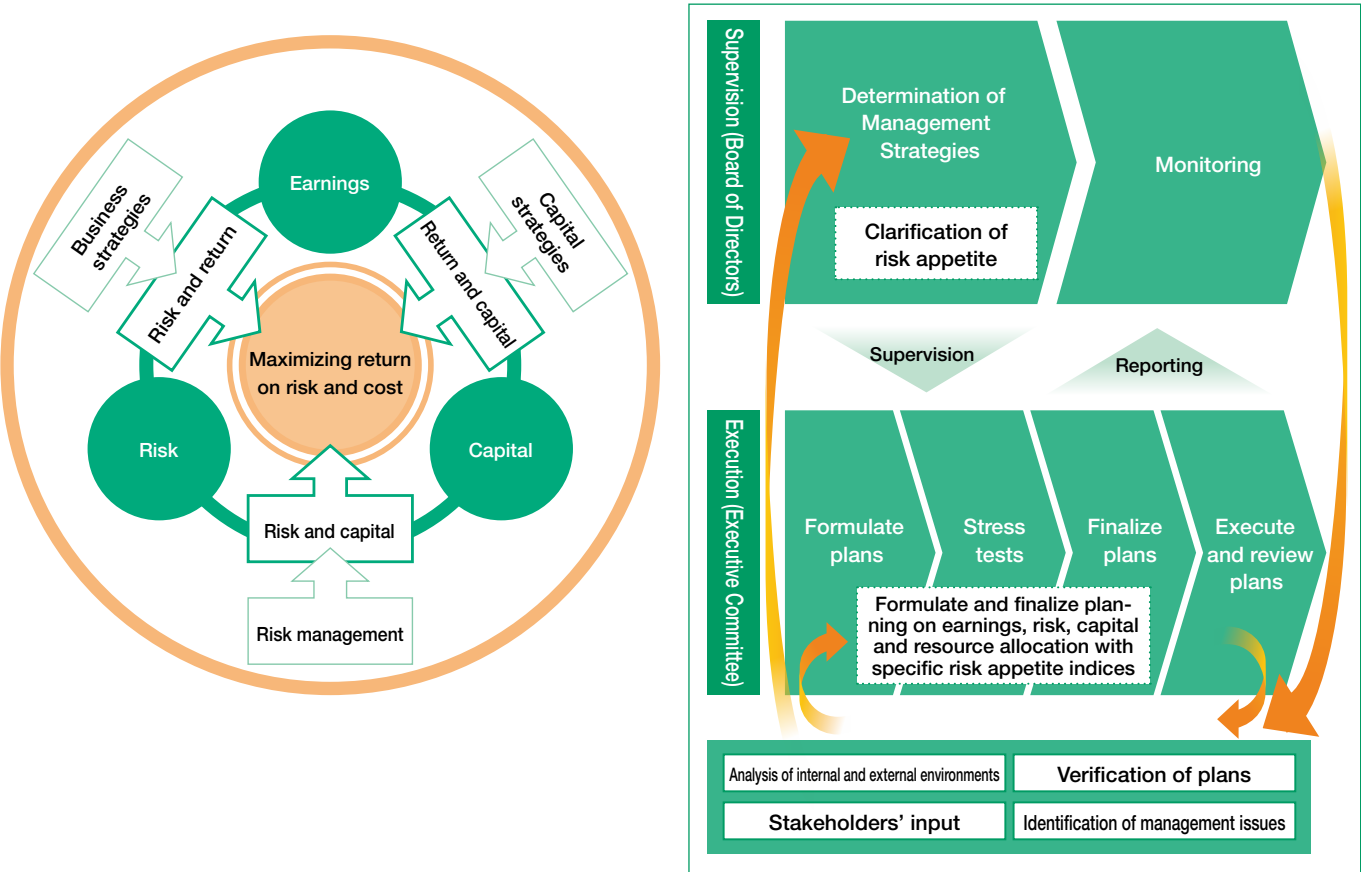
Progress under these plans is regularly reported to the Board of Directors. In an effort to realize management strategies, the Board of Directors then engages in in-depth discussion of these plans.

The Board is currently engaged in vigorous discussion regarding initiatives to realize the Long-Term Sustainability Targets and the status of progress in and issues to be addressed in the course of income and cost structure reforms. Also, the Board is

particularly focused on how best to invest in and optimally allocate human resources to promote measures supporting “Rebuilding Our Foundations.”

To enhance the feasibility of the strategies, the results of discussions are reflected in flexible reviews of risk appetite and operational management during the period.

Operational Process of the Risk Appetite Framework



Risk Management

Risk Management System

Basic Approach to Risk Management

We deeply regret the serious concern and inconvenience that the application for an injection of public funds in May 2003 caused the people of Japan, our customers and other stakeholders. Consequently, we have established the three risk management principles shown below to enhance our risk management systems and methods as well as risk control. The Resona Group conducts its risk management activities with an eye to securing the soundness of operations and enhancing profitability.

- Three Risk Management Principles
1. We will not assume levels of risk in excess of our economic capital.
 2. We will deal promptly with losses that we have incurred or expect to incur.
 3. We will take risks appropriate for our earnings power.

Risk Management Policies and Systems

The Resona Group is exposed to various types of risk, including those associated with business strategies, the violation of laws and regulations and systems failures as well as those related to business outsourcing (e.g., suspensions of operations and information leaks involving vendors).

As it aims to appropriately handle these risks in adherence to the three risk management principles, Resona Holdings has established the Group Risk Management Policy. This policy is intended to clarify types and definitions of risks to be managed and the organizational structure for risk management as well as the fundamental risk management framework, with the aim of developing a robust risk management system for the Group.

Specifically, the policy classifies risks as shown in the table below, and stipulates that risk management divisions specializing in each risk category must be in place in addition to divisions tasked with comprehensively managing enterprise risks (comprehensive

risk management divisions), ensuring that optimal risk management methods are used by these divisions in light of risk characteristics.

As stipulated by the Group Risk Management Policy, Resona Bank, Saitama Resona Bank and Kansai Mirai Financial Group and its group banks (the “Group banks”) have established risk management policies that are tailored to their operations, unique characteristics and the risks they must address while maintaining risk management divisions handling risks in each risk category as well as comprehensive risk management divisions.

Principal Group companies other than the banks have also established risk management policies that are tailored to their own operations, special characteristics and risks. These policies establish guidelines for avoiding risks outside their fundamental business areas. These Group companies have also established risk management departments for managing different categories of risk and risk management divisions for comprehensive risk management.

Primary Risk Category, Definition and Management Methods

Risk Category	Definition	Risk Management Methods
		Comprehensive risk management (setting risk limits, assessing risk, allocation of risk capital, stress tests, etc.)
Credit risk	Risk of losses that arises when the value of assets (including off balance sheet assets) declines or is destroyed as a result of the deterioration of the financial position of obligors	Setting risk limits, credit rating system, portfolio management, credit analysis and management, etc.
Market risk	Risk of losses that may occur when the prices of assets and liabilities (including off-balance sheet assets and liabilities) change because of fluctuations in market risk factors, including interest rates, foreign currency exchange rates and stock prices	Setting risk limits, setting loss limits, setting position limits, etc.
Liquidity risk	Risk of losses that may occur when a party has difficulty in raising the necessary funds or is forced to raise such funds at higher than normal rates	Recognition of liquidity emergencies, response system for emergencies, guidelines for liquidity risk management indicators, etc.
Operational risk	Risk of losses that may occur when internal processes, personnel and/or systems function improperly or fail to function and when external factors result in such losses	Control self-assessments (CSAs), analysis of loss data, risk indicators, etc.
Reputational risk	Risk of losses that may occur when the media reports rumors, false information or unfounded assertions have a detrimental effect on a company's reputation	Dissemination of timely and appropriate information, monitoring of media, etc., preparation of crisis management systems

Group Management by Resona Holdings

Qualitative Risk Management

The Company provides Group banks and other Group companies (hereinafter collectively “Group companies”) with direction and suggestions regarding risk management policies, standards and systems that must be shared by all Group members.

When making decisions on important matters related to risk management, Group companies confer with the Company in advance and base their decisions on those consultations or decide

matters through the exchange of opinions, and report those decisions to the Company as necessary.

Based on the framework described above, the Company maintains a firm grip on risk management policies, standards and systems in place at each Group company, thereby ensuring qualitative risk management for the Group.

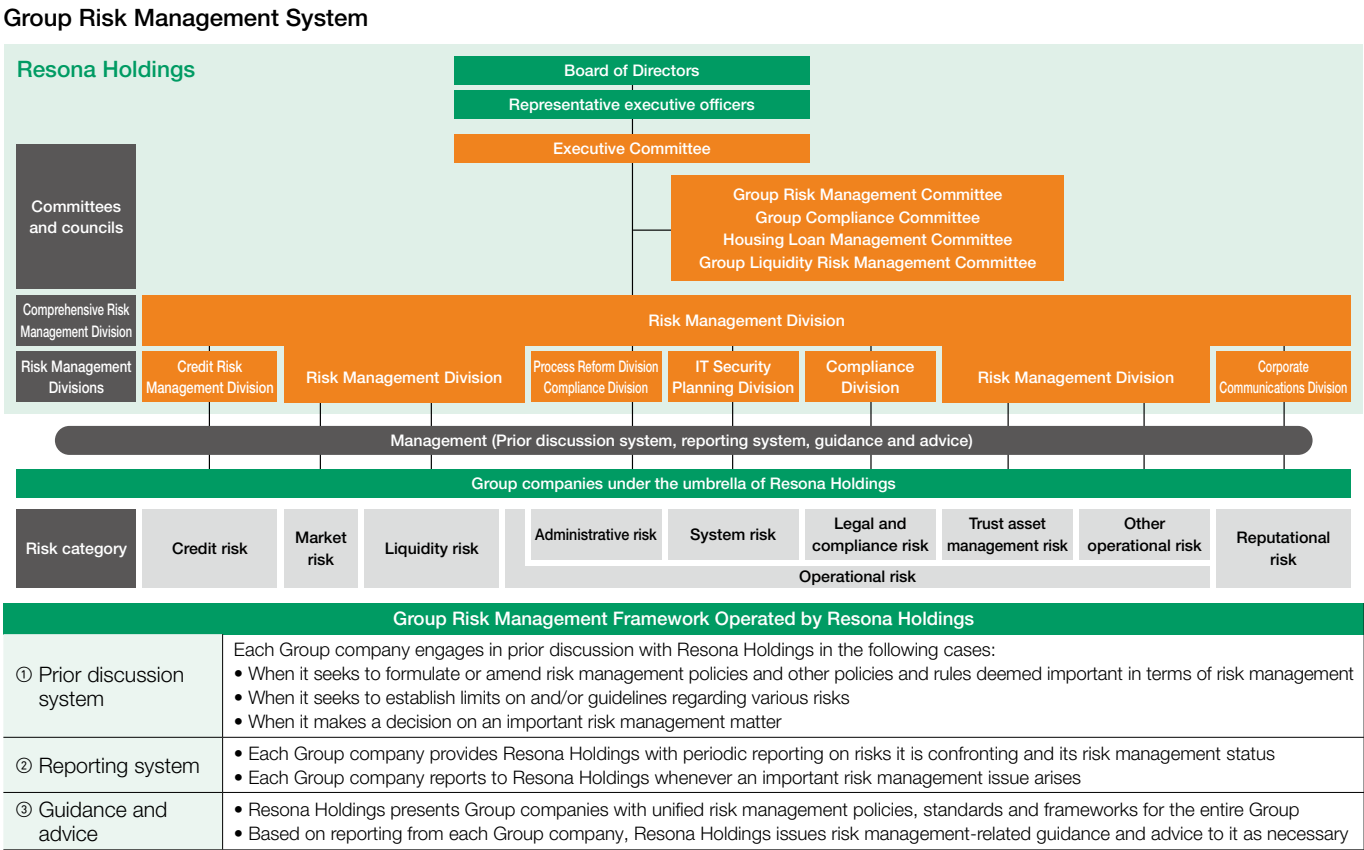
Quantitative Risk Management

The Company and the Group banks have in place comprehensive risk management systems, as described later, with the aim of quantitatively assessing risks and controlling them within the tolerable limits.

Furthermore, the Company maintains the quantitative management of risks each Group company is handling through prior consultation on limits and guidelines or through the exchange of opinions.

Group companies must report to the Company regarding the risk conditions and their management on a regular and as-needed basis so that the holding company can provide guidance and advice as necessary.

As shown by the figure below, we have formed risk management divisions by risk category within the Company for managing each type of risk on a Group-wide basis.



Top Risk

The Company has positioned risks that are deemed to possess a high possibility of impacting heavily on the Resona Group as top risks in order to develop a consistent risk management structure placing the foremost emphasis on managing these risks.

Among this category are “risks that could have a grave impact on the Resona Group’s operations and are highly likely to materialize or are expected to gain a high possibility of materialization within a period of approximately one year going forward.” In addition to quantifiable risks,

top risks include risks arising from the execution of strategies, deterioration in the Group’s reputation and other factors. In line with these definitions, top risks are determined via discussion at the Executive Committee, the Board of Directors and other important bodies.

Through top risk management, the Company helps Group members share risk recognition while striving to enhance risk governance, prevent the emergence of significant risks, ensure swift response to risk materialization and curb the spread of risk repercussions.

Top Risks for the Resona Group

Top risks	Risk scenarios
Changes in the competitive environment (social and industrial structures)	<ul style="list-style-type: none">Changes in social and industrial structures in the face of rapid advances in technological innovation, etc., the nullification of the effect of strategic investment due to evolving conditions in the competitive environment and a lack of human resources to support the execution of business strategiesDeterioration of corporate value due to delays in response to climate change, etc.
Changes in regulations, laws and other legal frameworks as well as government policies	Changes in the earnings structure and deterioration in profitability due to the introduction or revision of laws, regulations and accounting standards and the prolongation of monetary easing policies
Increase in credit-related expenses	<ul style="list-style-type: none">Deterioration in the corporate performance of major transactional clients, the deterioration of performance in sectors to which the Group extends massive credit and the resulting negative repercussions on the performance of corporate customers associated with these clients or sectors due to supply chain disruptions resulting from the resurgence of the COVID-19 pandemic, the emergence of international conflicts, the materialization of geopolitical risk, etc.Deterioration in the corporate value of corporate customers lagging behind their peers in terms of response to climate change
Deterioration in unrealized gains on available-for-sale securities	<ul style="list-style-type: none">Deterioration in unrealized gains on available-for-sale securities due to economic deceleration, turmoil in financial markets or the materialization of geopolitical risk leading to stock price plunges and interest rate hikesDeterioration in unrealized gains on the Group’s policy-oriented stockholdings associated with corporate customers lagging behind their peers in terms of response to climate change
Destabilization of foreign currency funding	Increase in costs associated with foreign currency funding and other detrimental financing conditions arising from turmoil in financial markets, the materialization of geopolitical risks, unexpected cash outflows, the deterioration of market liquidity, etc.
Occurrence of major systems-related incidents resulting in service suspension or other serious consequences	Major systems failures, including those induced by cyberattacks, suffered by the Group or third parties handling its systems and resulting in the suspension of settlement and other services or the leakage of customer information
Operational suspension due to the violation of laws and regulations and compliance-related failure, etc.	<ul style="list-style-type: none">The receipt of operational suspension order and/or the need to pay fines due to flaws in the Group’s countermeasures aimed at preventing money laundering; ensuring compliance with economic sanctions; or involvement in corruption or briberyDeterioration of the Group’s reputation due to the violation of social ethics or the improper handling of human rights-related issues
Occurrence of natural disasters that lead to operational suspension, etc.	Operational suspension or other serious consequences, including a threat to human life, due to a major natural disaster, such as an earthquake, massive wind or flooding, or a pandemic

Comprehensive Risk Management and Capital Allocation

Comprehensive risk management divisions have been formed within the Company and the Group banks, and these divisions are each responsible for the comprehensive risk management of their respective Group company or bank.

Each Group bank measures the volume of credit risk, market risk and operational risk using the risk management indicator value at risk (VaR*) and establishes risk limits (makes risk capital allocations) on these types of risk. Risk management is conducted to control risk within these established limits.

When the Group banks set their risk limits, the Company verifies the details of the limits to be established to confirm the soundness of the Group as a whole. In addition, the Company receives periodic reports from the Group banks regarding the status of risk management and confirms the status of comprehensive risk management of the Group.

In addition, although the Company is constantly working to improve the quality of risk measurement through various means, including the application of the VaR method, there are risks that cannot be quantified by statistical risk management methods. The Group strives to study and understand the incompleteness and specific weak points of the VaR method, thereby assessing and recognizing the impact of such limitations on risk measurement. For risks that cannot be identified or quantified by the VaR method, the Company and the Group banks conduct qualitative assessment through various stress testing and the use of risk-assessment mapping. In this way, the Group aims to enhance the quality of its comprehensive risk management.

Stress Tests

The Group carries out a variety of stress tests, each assuming a massive economic deceleration, turmoil in financial markets or other similar scenarios aimed at confirming its resilience against and capital adequacy in a stressful environment and thereby verifying the appropriateness of its management plan and assessing the impact of differing risk factors on its operations.

Stress tests being carried out in the course of formulating a management plan employ multiple stress scenarios, including

some deemed highly likely to materialize and some that would gravely impact the Group’s operations. In this way, the Group measures the possibility of an increase in losses associated with its risk-weighted assets and fluctuations in profit due to deterioration in revenues over a period spanning multiple fiscal years. Stress tests are utilized to evaluate the stability of the Group’s revenues, assess how its capital adequacy would be impacted by the assumed stresses and prevent excessive risk-taking.

* VaR, or value at risk, is a risk management indicator that is calculated using statistical methods to measure the maximum loss that may occur within a specified confidence interval (probability) and over a specified period.

Compliance

Basic Activities

The Resona Group defines compliance as the strict observance not only of laws and regulations, but also of social norms, and it has positioned compliance as a key management issue.

As basic activities to put compliance into practice, the Resona Group has established its Corporate Mission/Kansai Mirai Financial Group Management Principles, which forms the basis for the judgments of directors and employees; the Resona Way (Resona Group Corporate Promises)/Kansai Mirai Way (Kansai

Mirai Financial Group Corporate Promises), which outlines the basic stance, based on the Corporate Mission, that directors and employees should take toward all Group stakeholders; and the Resona Standards (Resona Group's Behavior Guidelines)/Kansai Mirai Standards (Kansai Mirai Financial Group's Behavior Guidelines), specific guidelines about the behavior expected from directors and employees under the aforementioned mission and way.

Group Management System

Group Compliance Management System

The Compliance Division at Resona Holdings controls Group compliance and works with compliance divisions at Group companies to strengthen compliance systems Group-wide. In addition, the

Group has secured a robust structure for discussing and evaluating all issues related to Group compliance by, for example, forming the Group Compliance Committee.

System for Protecting Group Customers

The Company, Group banks and other Group companies are working proactively to make improvements in the quality of explanations to customers, responses to customer inquiries and complaints, the management of customer information and the management of

conflicting interests in banking transactions and other areas so that we can provide better responses and more convenience for customers. Specifically, we deliberate initiatives with responsible divisions and individuals in the Group Compliance Committee.

Management of Customer Information

The protection of customer information is one of the most important factors that enable customers to use the Group's services with peace of mind. We strive to properly manage customer information by publicizing the Promise to Protect Personal Information of

All Group Companies, establishing a framework for protecting against leakage or loss of personal information and conducting ongoing and thorough employee education.

Initiatives to Prevent Money Laundering and Other Financial Crimes

The Resona Group considers the prevention of money laundering and financing for terrorism to be important management issues. Accordingly, the Group has thoroughly implemented the measures required of financial institutions to ensure that domestic and international legal regulations, including Japan's Act on Prevention of Transfer of Criminal Proceeds, are upheld and that compliance with

economic sanctions and other international protocols is secured. The Group constantly strives to ensure its ability to deliver safe and secure financial services to its customers through tireless and Groupwide endeavors to strengthen measures to prevent money laundering and financing for terrorism.

Elimination of Anti-Social Forces

The Resona Group believes that preventing and eradicating transactions with anti-social forces are critically important to its public mission and social responsibility as a financial institution. Our basic approach is to not engage in transactions with antisocial forces and to prevent them from intervening in transactions with customers through the corporate activities of Group companies. The

Group has set specific internal rules and regulations. It also provides ongoing training and education on these compliance issues for directors and employees. In addition, we have formed cooperative relationships with such law-enforcement agencies as the police to prevent and terminate transactions with anti-social forces.

Initiatives to Prevent Corruption

Having clarified its approach to the prevention of corruption as part of efforts to fulfill its corporate social responsibilities, the Resona Group established the Policy on the Prevention of Corruption to provide a set of action guidelines to be thoroughly observed by all Group members.

The Resona Standards/ The Kansai Mirai Standards stipulate such precepts as "Do not misuse your position or authority for personal gain or advantage" (III-2), "Refrain from offering gifts or

entertainment that could possibly induce public distrust or draw suspicion" (VII-2) and "Maintain transparent and clean relationships with politicians and government officials" (VII-3) in addition to featuring specific examples of desirable ways of thinking and situations that require caution. As such, the Group is striving to ensure that its prohibition against any form of corrupt act, including the provision or receipt of bribes, is upheld by all.

Internal Auditing

Group Internal Auditing

We believe that the role of internal auditing is extremely important if we are to "live up to customers' expectations" and "implement transparent management" as set forth in the Resona Group's Corporate Mission. Accordingly, we have established internal audit divisions at Resona Holdings and at main Group companies.

In order to ensure sound and appropriate operations and to gain social trust in the business management systems established by the Company and Group companies, the internal audit divisions serve the essential function of facilitating improvements in corporate value by verifying and evaluating the systems from an independent standpoint and promoting improvements as needed in all management activities.

The Company's Internal Audit Division has introduced auditing methods in conformity with the Institute of Internal Auditors (IIA),* a leading international association in the field of internal audits, thereby practicing risk-based audits and ensuring that its peers at Group companies follow suit. In addition, the division monitors the activities of internal audit divisions at such companies while striving to improve the

quality of internal audits by, for example, providing various information and training and supporting employees seeking qualification as certified internal auditors and/or to acquire other audit-related certification.

In September 2021, Resona Holdings was chosen by the Institute of Internal Auditors (IIA)—Japan to receive the 35th IIA Japan Chairman's Award (Internal Audit Excellence Award).

The winning of this award reflects high ratings granted by the IIA Japan's review committee regarding the Company's enthusiastic initiatives to upgrade its internal audit system as part of efforts to strengthen corporate governance, backed by its keen awareness of the importance of internal audits as a component of essential governance functions. At the same time, this is a testament to IIA Japan's growing expectations regarding the Company's future initiatives in light of the current circumstances surrounding Japan's business community in which corporations are being called upon to assign more significant roles to their internal audit functions in securing robust corporate governance.

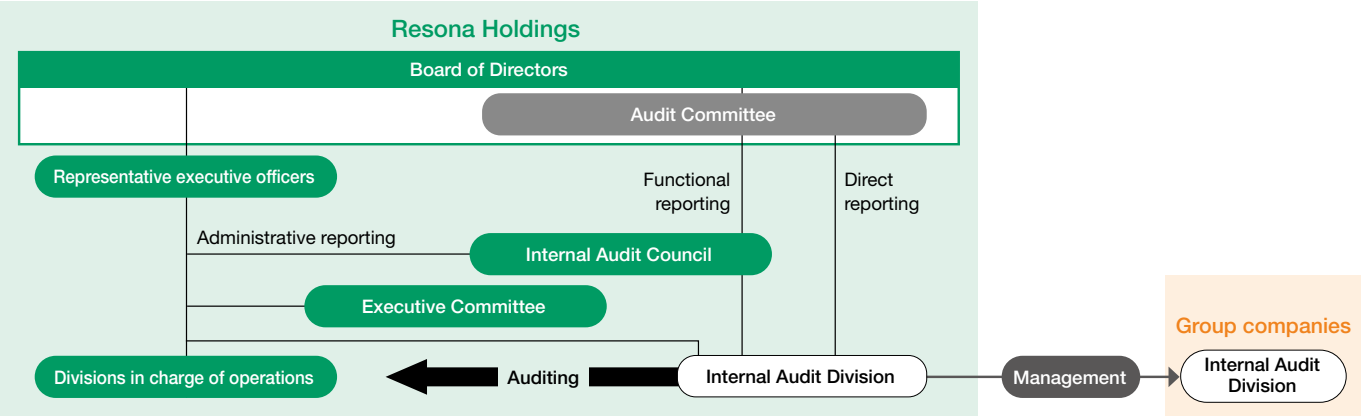
Organization

The Company and Group companies have established independent internal audit divisions and other bodies under each board of directors.

Moreover, we have formed the Internal Audit Council, separate from the Executive Committee, to serve the Company and Group companies by discussing important matters related to internal auditing.

The Internal Audit Division of the Company reports to the Board of Directors and the Audit Committee for its functions and to the representative executive officers for its administration. In addition, by ensuring a direct reporting line from the Audit Committee to the Internal Audit Division, we strengthen the monitoring and check and balance functions the Company exerts over the representative executive officers and representative directors of the Group companies.

Resona Holdings' Internal Auditing System



Functions and Roles

To guide the drawing up of plans for internal auditing, the Internal Audit Division of the Company formulates the Annual Internal Audit Basic Plan for the Company and the Group, including the Group's annual policies, the targets of auditing and key items, and secures the approval of the Board of Directors after discussion with the Audit Committee.

The internal audit division of each Group company formulates its Annual Internal Audit Basic Plan based on the business management policies of the Internal Audit Division of the Company and secures the approval of each respective board of directors.

The internal audit divisions at the Company and Group companies conduct audits based on the Annual Internal Audit Basic Plan.

The results of the internal audits of the Company are reported to the Board of Directors and representative executive officers. The results of the internal audits of Group companies are reported to their respective boards of directors and representative directors as well as the Company.

* An organization that formulates professional standards for internal auditors, engages in the research of theories and practices associated with internal auditing and promotes other activities aimed at providing leadership for the global profession of internal auditing.

Financial Highlights

Five-Year Summary of Major Financial Data

	FY2017	FY2018	FY2019	FY2020	FY2021
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(Billions of yen)

Summary of Consolidated Statements of Income

Gross operating profit	552.5	644.1	658.6	639.1	601.9
(1) Net interest income	368.3	435.9	431.1	417.4	429.1
(2) Trust fees	18.6	19.2	19.0	19.2	20.8
(3) Fees and commission income	149.4	174.5	171.1	172.2	187.4
Fee income ratio [(2)+(3)] / Gross operating profit	30.41%	30.08%	28.88%	29.96%	34.60%
(4) Other operating income	16.1	14.4	37.3	30.1	(35.5)
Net gains (losses) on bonds (including futures)	(5.0)	(7.8)	11.3	14.0	(53.8)
Operating expenses (excluding Group banks' non-recurring items)	(341.2)	(420.5)	(417.1)	(415.5)	(416.3)
Cost income ratio (OHR)	61.75%	65.29%	63.33%	65.01%	69.17%
Actual net operating profit	211.6	225.6	241.9	224.0	186.0
Net gains (losses) on stocks (including equity derivatives)	13.0	7.1	9.3	37.2	47.1
Credit-related expenses, net	14.7	(1.3)	(22.9)	(57.4)	(58.7)
Other gains (losses), net	(23.6)	7.1	(16.2)	(19.5)	(18.8)
Income before income taxes	215.8	238.6	212.1	184.3	155.6
Income taxes and other	20.4	(63.4)	(59.7)	(59.8)	(45.6)
Net income attributable to owners of parent	236.2	175.1	152.4	124.4	109.9

(Negative figures represent items that would reduce net income)

Summary of Consolidated Balance Sheet

Total assets	50,243.7	59,110.0	60,512.4	73,697.6	78,155.0
Cash and due from banks	13,419.0	14,848.5	15,329.5	25,223.1	27,999.3
Loans and bills discounted	28,755.1	36,134.4	36,645.5	38,978.9	39,597.9
Securities	5,278.5	5,387.8	5,555.6	7,147.7	7,732.5
Total liabilities	48,140.8	56,753.8	58,195.9	71,178.0	75,696.0
Deposits and NCDs	43,805.1	52,303.9	53,852.8	59,430.3	61,897.6
Total net assets	2,102.9	2,356.1	2,316.5	2,519.6	2,459.0
Total stockholders' equity	1,567.2	1,661.1	1,757.6	1,860.3	2,044.1
Total accumulated other comprehensive income	517.8	449.8	320.6	456.9	398.0

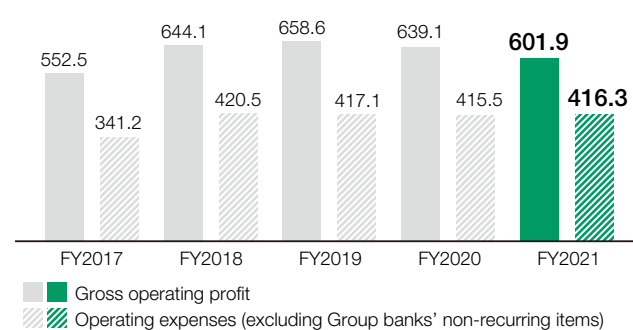
Trust assets under management and custody	27,252.5	27,852.9	28,450.6	31,930.3	31,841.1
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Major Financial Indicators

Capital adequacy ratio (Japanese domestic standard)	10.65%	10.10%	11.17%	11.54%	11.82%
(Reference) Common Equity Tier 1 (CET1) ratio (International standard) [excluding net unrealized gains on available-for-sale securities]	12.58% (9.50%)	11.47% (9.30%)	12.28% (10.54%)	13.31% (10.81%)	13.43% (11.26%)
Annual cash dividends per share (DPS) (yen)	20	21	21	21	21
Net assets per share (BPS) (yen)	900.72	911.17	904.60	1,008.82	1,025.01
Net income per share (EPS) (yen)	100.51	75.63	66.27	54.19	45.41
Return on equity (ROE) ¹	15.76%	10.85%	8.91%	6.88%	5.63%
Return on assets (ROA) ²	0.47%	0.32%	0.25%	0.18%	0.14%
NPL ratio (Total of Group banks, Financial Reconstruction Act Criteria)	1.18%	1.18%	1.14%	1.12%	1.32%
Number of shares of common stock excluding treasury shares (shares in billions)	2.314	2.316	2.297	2.296	2.382
Share price at fiscal year-end (yen)	562.0	479.7	325.2	464.8	524.1
Market capitalization (billions of yen)	1,301.0	1,111.3	747.1	1,067.6	1,248.7

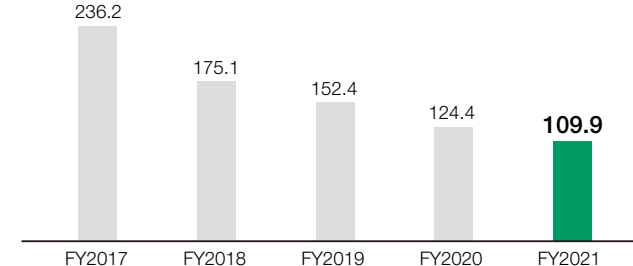
Gross Operating Profit and Operating Expenses (consolidated)

(Billions of yen)



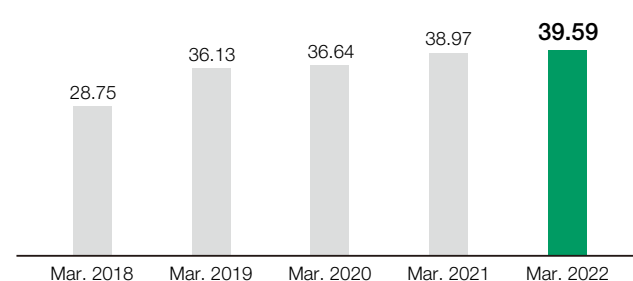
Net Income Attributable to Owners of Parent

(Billions of yen)



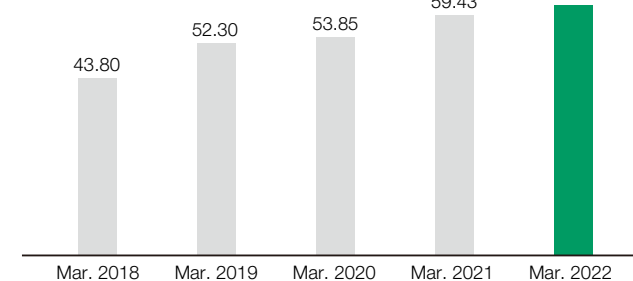
Balance of Loans and Bills Discounted (consolidated)

(Trillions of yen)



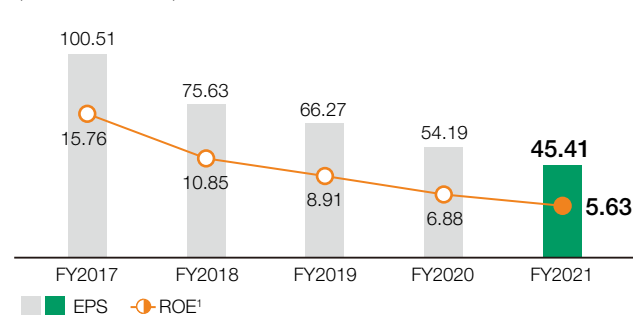
Balance of Deposits and NCDs (consolidated)

(Trillions of yen)



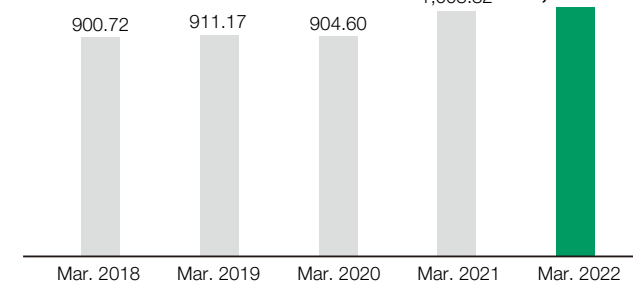
Net Income per Share (EPS) / Return on Equity (ROE)¹

(EPS: Yen; ROE: %)



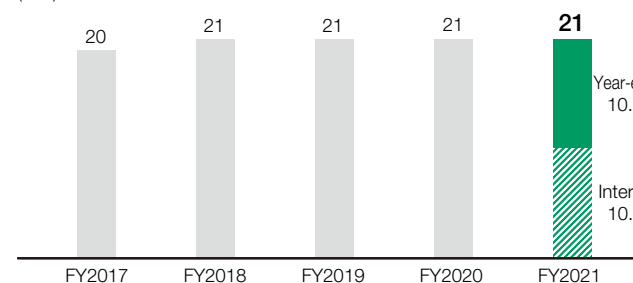
Net Assets per Share (BPS)

(Yen)



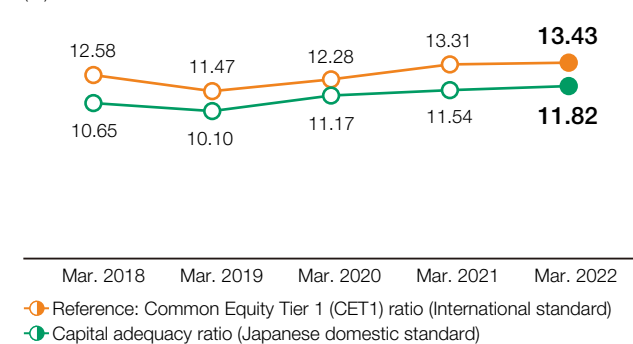
Dividends per Share (DPS)

(Yen)



Capital Adequacy Ratio (consolidated)

(%)



Note: Figures for FY2018 and later represent operating results after the integration of Kansai Mirai Financial Group, Inc.

1 (Net income attributable to owners of parent – Preferred dividends) / (Shareholders' equity – Balance of outstanding preferred shares (simple average of the balances at the beginning and end of the term))

2 Net income attributable to owners of parent / Total assets (simple average of the balances at the beginning and end of the term)

Non-Financial Highlights

Five-Year Summary of Non-Financial Data

Environmental¹

			FY2017	FY2018	FY2019	FY2020	FY2021 ²
CO ₂ emissions volume (t-CO ₂)			73,777	72,006	66,266	56,944	52,651
	Direct emissions from energy use (Scope 1)		6,263	6,499	5,949	5,428	5,082
	Indirect emissions from energy use (Scope 2)		67,514	65,507	60,317	51,516	47,569
Energy consumption volume	Direct energy consumption	Heavy oil (kl)	1	20	38	19	24
		Town gas (1,000 m ³)	1,207	1,370	1,265	1,194	1,118
		Gasoline (kl)	1,547	1,452	1,295	1,161	1,081
	Indirect energy consumption	Electricity consumption volume (MWh)	145,874	140,913	132,898	125,742	120,141
		Of which, renewable energy (MWh)	—	—	—	—	8,551
		Hot water (GJ)	6,679	6,371	6,675	6,982	5,719
		Cold water (GJ)	17,295	15,541	15,213	14,226	15,361

Social

	FY2017	FY2018	FY2019	FY2020	FY2021
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Human Resources

Employment status of employees	Total employees (persons) ³	23,833	29,479	28,371	27,829	26,472
	Full-time employees (persons)	15,129	19,209	18,642	18,486	18,283
	Average age of full-time employees (years)	40.0	40.4	40.3	40.3	40.7
	Average employee tenure (years)	16.2	16.3	16.1	16.3	16.6
	New graduates (persons)	620	993	840	844	573
Diversity & Inclusion	Percentage of female full-time employees (%)	45.9	46.1	47.1	47.5	48.1
	Percentage of new graduates who are women (%)	61.3	56.8	53.5	50.0	46.1
	Percentage of female line managers (%) ^{4,5}	26.6	28.3	29.1	30.4	30.5
	Of which, percentage in senior management positions (%) ⁵	7.0	8.4	8.7	10.2	12.1
	Percentage of people with disabilities in the workforce ⁶	2.05	2.14	2.19	2.20	2.27
Promotion of work-life balance	Average percentage of annual paid leave utilized (%)	69.5	66.7	69.2	66.1	72.3
	Percentage of eligible male employees who utilized childcare-related leave (%) ⁷	100.0	100.0	100.0	100.0	100.0
	Percentage of eligible male employees who opted for cessation from work due to child rearing (%)	—	—	—	—	80.3

Financial and Economic Education





"Resona Kids' Money Academy" events held (number) ⁸	230	231	222	—	10
Total number of participants in "Resona Kids' Money Academy" events (persons)	4,136	4,002	3,988	—	1,579
On-site lectures and work experience programs offered (number)	78	105	93	15	21

Governance

		FY2017	FY2018	FY2019	FY2020	FY2021
Status of directors and their activities	Board members (persons)	10	10	11	10	9
	Outside directors (persons)	6	6	6	6	5
	Independent directors among outside directors (persons)	6	6	6	6	5
	Female directors (persons)	1	1	2	2	2
	Average attendance of directors at board meetings (%)	97.2	96.7	98.6	98.7	97.1

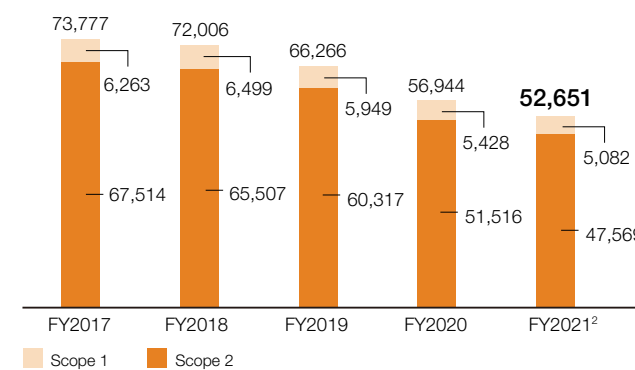
ESG-Related External Evaluations⁹

As of July 1, 2022

ESG rating / ESG score		Status of inclusion into ESG-based stock indices	
MSCI (Seven-grade system from AAA to CCC)	AA	Granted the "AA" rating for the third consecutive year (since December 2019)	2021 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX
MSCI (WIN) (Full score is set at 10)	8.8	Improved from 8.175 (2020) to 8.8 (2021)	2021 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)
FTSE (Full score is set at 5.0)	3.5	Rated 3.5 in 2022, an improvement from 3.3 in 2021	  
S&P (Decile ranking system)	7 (Carbon Efficient Index)	Ongoing inclusion in the index thanks to proactive efforts to address environmental concerns and disclose relevant information	

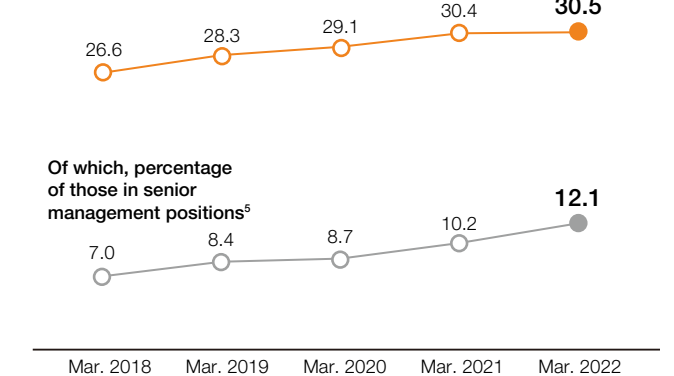
Environmental¹

CO₂ Emissions Volume **52,651** t-CO₂²
(t)



Social

Percentage of Female Line Managers^{4,5} **30.5%**
(%)



Governance

Composition of the Board of Directors (As of June 30, 2022)



1 Scope of calculation: Four main Group companies (Resona Bank, Saitama Resona Bank, Kansai Mirai Bank and Minato Bank)

2 Preliminary figures

3 Including part-time employees

4 Employees in managerial positions or above charged with overseeing staff

5 Figures for FY2017 to FY2020 are based on data from Resona Bank and Saitama Resona Bank. Figures for FY2021 and later are based on data from Resona Bank, Saitama Resona Bank, Kansai Mirai Bank and Minato Bank.

6 Percentage as of June 1 based on the exceptional calculation standard applied to eligible corporate groups

7 Figures for FY2017 to FY2020 are based on data from Resona Bank and Saitama Resona Bank. Figures for FY2021 and later are based on data from Resona Bank, Saitama Resona Bank and Kansai Mirai Bank.

8 The FY2021 round of events was hosted online

9 <https://www.resona-gr.co.jp/holdings/english/sustainability/award/index.html>

SASB INDEX

The Resona Group has striven to upgrade its information disclosure in line with recommended standards issued by the U.S.-based Sustainability Accounting Standards Board (SASB).



Based on this approach and in accordance with SASB industry classifications, the Resona Group hereby discloses certain items

The letters at the beginning of the code assigned to each item bear the following meanings.



FN-AC: Asset Management & Custody Activities; FN-CB: Commercial Banks; FN-CF: Consumer Finance; CF-MF: Mortgage Finance

Accounting Metrics	Category	Unit of Measure	Code	Response
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Data Security

Description of approach to identifying and addressing data security risks	Discussion and Analysis	—	FN-CB-230a.2 FN-CF-230a.3	In line with its Cyber Security Management Declaration, the Resona Group aims to strengthen its cyber security measures under top management's initiative and thereby counter cyber threats that have become ever more serious and sophisticated. Furthermore, the Group strives to address risks arising from cyber vulnerability and, to this end, based on its Personal Information Protection Declaration, it regularly reviews, updates and improves its policies, organizational structure and rules aimed at ensuring the proper handling of information as well as initiatives aimed at ensuring the reliable protection of information.  Declaration of Cyber Security Management https://www.resona-gr.co.jp/holdings/english/about/governance/cybersecurity/index.html  Personal Information Protection Declaration https://www.resona-gr.co.jp/holdings/other/privacy/hd.html (Japanese only)
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Financial Inclusion & Capacity Building

(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	Quantitative	Millions of yen	FN-CB-240a.1	Since the SASB definition of “programs designed to promote small business and community development” is based on the laws and regulations of the United States, we disclose alternative information based on the laws and regulations of Japan. In Japan, SMEs are defined as businesses whose capital amounts to ¥300 million or below (¥100 million in the case of the wholesale industry and ¥50 million in the case of retail, restaurant and goods leasing industries) or businesses with a total of 300 employees or fewer (100 in the case of wholesale and goods leasing industries and 50 in the case of retail and restaurant industries). Balance of loans to SMEs (total of Group banks; as of March 31, 2022: ¥32,718.2 billion Resona Group Disclosure Book 2022 Data Edition  Resona Bank: p. 131; Saitama Resona Bank: p. 230; Kansai Mirai Bank: p. 359; Minato Bank: p. 437 https://www.resona-gr.co.jp/holdings/investors/ir/disclosure/pdf/22/hd.pdf (Japanese only)
Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	Quantitative	Number	FN-CB-240a.4	In SASB, the definitions of the “unbanked,” have no bank accounts at all, the “underbanked,” have bank accounts but usually use non-banks for financing, and the “underserved,” cannot receive sufficient financial services, are in line with U.S. laws and regulations. We disclose corresponding information based on Japanese laws and regulations. The Resona Group provides financial and economic education for elementary, junior high and high school students who will lead future generations so that they can acquire monetary literacy in a fun way.  Financial and Economic Education https://www.resona-gr.co.jp/holdings/english/sustainability/sdgs/aging/education.html

Employee Diversity & Inclusion

Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	Quantitative	%	FN-AC-330a.1	The Resona Group is promoting diversity & inclusion to achieve value creation supported by diverse employees who strive to understand each other's differences in ways of thinking, respect and inspire one another and proactively incorporate new ideas from their peers. To this end, the Group has introduced a variety of programs aimed at helping women achieve career success and encouraging employees to embrace diverse working styles. As a result, the ratio of women in the overall number of directors at Resona Holdings is 30.0%. Moreover, the ratio of women in the total headcount is 48.1% for Group banks (Resona Bank, Saitama Resona Bank, Kansai Mirai Bank and Minato Bank). In addition, the ratio of female line managers is 30.5% for Resona Bank, Saitama Resona Bank, Kansai Mirai Bank and Minato Bank. As of June 2021, the ratio of people with disabilities is 2.27%.  Diversity & Inclusion https://www.resona-gr.co.jp/holdings/english/sustainability/sdgs/human_rights/diversity.html  ESG Data https://www.resona-gr.co.jp/holdings/english/sustainability/data/esg/index.html ▶ Non-Financial Highlights: p. 82
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Incorporation of ESG factors in the Investment Management & Advisory



Description of approach to the incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies	Discussion and Analysis	—	FN-AC-410a.2	In line with its “Responsible Investment Policy,” the Resona Group undertakes, in the course of managing trust assets, the close assessment and analysis of investees' non-financial performance, including their response to ESG issues, in addition to assessing their financial performance. By doing so, the Group encourages investees to work to improve their corporate value and achieve sustainable corporate growth on a medium- to long-term basis.  Stewardship Report 2021 / 2022 Chapter 2 (pp. 8-15) https://www.resona-am.co.jp/investors/pdf/ssc_report2021-2022en.pdf
Description of proxy voting and investee engagement policies and procedures	Discussion and Analysis	—	FN-AC-410a.3	The Resona Group is aware of its responsibilities with regard to the improvement of investees' corporate governance as well as the profound impact its investment activities can have on the environment and society as a whole. The Group also recognizes that these changes in the environment and society will affect investment performance. Taking the aforementioned factors into account, the Group has established the Global Governance Principles, which aim to provide standards for the exercise of voting rights associated with domestic and overseas stocks.  Stewardship Report 2021 / 2022 Chapter 3-7 (pp. 16-93) https://www.resona-am.co.jp/investors/pdf/ssc_report2021-2022en.pdf

defined under the categories of Asset Management & Custody Activities, Commercial Banks, Consumer Finance and Mortgage Finance in light of their particular relevance to designated business areas. Looking ahead, we will strive to further enhance the content of information disclosure.


Value Creation Story	Initiatives to Improve Corporate Value	Mechanisms Supporting Sustainable Growth	Financial / Non-Financial Information and Corporate Data
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Accounting Metrics	Category	Unit of Measure	Code	Response
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Incorporation of ESG Factors in Credit Analysis

Commercial and industrial credit exposure, by industry	Quantitative	Millions of yen	FN-CB-410a.1	For details regarding credit exposure by industry, please refer to the page 7 in the PDF file titled “Status of Capital Adequacy/Basel Data Section (FY2021)” posted on the following section of our corporate website.  Annual Report (Status of Capital Adequacy/Basel Data Section) https://www.resona-gr.co.jp/holdings/english/investors/financial/annual/
Description of approach to incorporation of ESG factors in credit analysis	Discussion and Analysis	—	FN-CB-410a.2	In line with its “Basic Stance on Lending,” the Resona Group aims to contribute to the creation of a sustainable society and, to this end, is proactively assisting customers in their efforts to tackle social and environmental issues via the development and provision of products and services designed to help them address social and environmental concerns. The Group also maintains a structure and procedures aimed at properly assessing and evaluating the environmental impact of large projects and environmental initiatives undertaken by customers.  Initiatives for Socially Responsible Investing and Lending https://www.resona-gr.co.jp/holdings/english/sustainability/management/sri/



Business Ethics

Description of whistleblower policies and procedures	Discussion and Analysis	—	FN-AC-510a.2 FN-CB-510a.2	The Resona Group maintains a whistleblowing system comprising both in-house and external hotlines that are accessible to all employees (including those who have resigned) and their families. The Group also prohibits the detrimental treatment of whistleblowers while taking thoroughgoing measures to ensure that the content of whistleblowing is kept secret. Furthermore, the Group is promoting the use of its whistleblowing system via posters and intranet pages designed to provide employees with the overview of the system and contacts to hotlines.  Compliance Advisory Resources https://www.resona-gr.co.jp/holdings/english/about/compliance/#01
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Systemic Risk Management

Global Systemically Important Bank (G-SIB) score, by category	Quantitative	—	FN-CB-550a.1	As of March 31, 2022, the Resona Group has not been selected as a G-SIB.
Description of approach to the incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	Discussion and Analysis	—	FN-CB-550a.2	The Resona Group believes that in order to maintain sound and stable business operations, securing sufficient capital to cover risk is extremely important. Based on this belief, the Group is engaged in capital management aimed at maintaining its capital adequacy ratio at a sufficient level. In formulating management strategies, the Company clarifies the business areas in which it actively takes risks based on its social mission.  Capital Management https://www.resona-gr.co.jp/holdings/english/about/capital/index.html ▶ Risk Appetite Framework p. 74

Activity Metrics

(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	Quantitative	Millions of yen	FN-CB-000.A	Since the index that the SASB recommends for disclosure takes into consideration the laws and regulations of the United States, we disclose alternative quantitative data based on the laws and regulations of Japan. Consolidated Balance Sheet/Domestic Deposit (total of Group banks; as of March 31, 2022) • Individual: ¥37,095.6 billion • Corporate: ¥19,205.1 billion For more details, please refer to the following PDF file and see “II. Loans and Bills Discounted and Other, 9. Balance of deposits and loans, Domestic breakdown of individual, corporate and other deposits” (p. II-21).  Consolidated Financial Results for Fiscal Year 2021 https://www.resona-gr.co.jp/holdings/english/investors/financial/results_c/download_c/files/20220628_3a.pdf
(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	Quantitative	Millions of yen	FN-CB-000.B	Since the index that the SASB recommends for disclosure takes into consideration the laws and regulations of the United States, we disclose alternative quantitative data based on the laws and regulations of Japan. (Total of Group banks; as of March 31, 2022) • Balance of domestic loans and bills discounted: ¥39,603.6 billion • Of which, balance of loans to SMEs: ¥32,718.2 billion • Of which, balance of apartment loans: ¥3,171.6 billion • Of which, balance of residential housing loans: ¥13,552.4 billion  Resona Group Disclosure Book 2022 Data Edition Resona Bank: pp. 130, 131; Saitama Resona Bank: pp. 229, 230; Kansai Mirai Bank: pp. 358, 359; Minato Bank: pp. 436, 437 https://www.resona-gr.co.jp/holdings/investors/ir/disclosure/pdf/22/hd.pdf (Japanese only)
(1) Number and (2) value of mortgages originated by category: (a) residential and (b) commercial			FN-MF-000.A	

The following items are defined based on the FICO Score in line with the U.S. laws and regulations. Accordingly, we believe that it does not apply to reporting under the current system in Japan.

FN-CF-270a.2: Approval rate for (1) credit and (2) pre-paid products for applicants with FICO scores above and below 660

FN-CF-270a.3: (1) Average fees from add-on products, (2) average APR, (3) average age of accounts, (4) average number of trade lines and (5) average annual fees for pre-paid products, for customers with FICO scores above and below 660

FN-MF-270a.1: (1) Number and (2) value of residential mortgages of the following types: (a) Hybrid or Option Adjustable-rate Mortgages (ARM), (b) Prepayment Penalty, (c) Higher Rate and (d) Total, by FICO scores above and below 660

FN-MF-270a.2: (1) Number and (2) value of (a) residential mortgage modifications, (b) foreclosures and (c) short sales or deeds in lieu of foreclosure, by FICO scores above and below 660

FN-MF-270b.1: (1) Number, (2) value and (3) weighted average Loan-to-Value (LTV) ratio of mortgages issued to (a) minority and (b) all other borrowers, by FICO scores above and below 660

(Billions of yen)

(Billions of yen)(Billions of yen)(Billions of yen)87

Consolidated Statement of Changes in Net Assets

(Billions of yen)

FY2020	Stockholders' equity					Accumulated other comprehensive income						Stock acquisition rights	Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity	Net unrealized gains on available-for-sale securities	Net deferred gains on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at April 1, 2020	50.4	—	1,720.0	(12.8)	1,757.6	306.1	16.6	40.2	(1.9)	(40.4)	320.6	0.2	237.9	2,316.5
Cumulative effect due to revision of accounting standards for foreign subsidiaries			(0.2)		(0.2)								(0.2)	(0.4)
Restated balance	50.4	—	1,719.8	(12.8)	1,757.4	306.1	16.6	40.2	(1.9)	(40.4)	320.6	0.2	237.6	2,316.0
Changes during the fiscal year														
Issuance of new stock	0.0	0.0			0.1									0.1
Dividends paid			(48.3)		(48.3)									(48.3)
Net income attributable to owners of parent			124.4		124.4									124.4
Purchase of treasury stock				(1.4)	(1.4)									(1.4)
Disposal of treasury stock		(0.0)		1.6	1.6									1.6
Cancellation of treasury stock		(10.2)		10.2	—									—
Reversal of revaluation reserve for land			0.5		0.5									0.5
Change in ownership interest of parent due to transactions with non-controlling interests		25.8			25.8									25.8
Net changes except for stockholders' equity during the fiscal year						136.7	(5.9)	(0.5)	(3.9)	9.9	136.2	(0.0)	(35.5)	100.6
Total changes during the fiscal year	0.0	15.7	76.6	10.4	102.9	136.7	(5.9)	(0.5)	(3.9)	9.9	136.2	(0.0)	(35.5)	203.5
Balance at March 31, 2021	50.5	15.7	1,796.4	(2.4)	1,860.3	442.9	10.6	39.7	(5.8)	(30.4)	456.9	0.2	202.0	2,519.6

(Billions of yen)

FY2021	Stockholders' equity					Accumulated other comprehensive income						Stock acquisition rights	Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity	Net unrealized gains on available-for-sale securities	Net deferred gains on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at April 1, 2021	50.5	15.7	1,796.4	(2.4)	1,860.3	442.9	10.6	39.7	(5.8)	(30.4)	456.9	0.2	202.0	2,519.6
Cumulative effects of changes in accounting policies			(2.0)		(2.0)								(0.1)	(2.2)
Restated balance	50.5	15.7	1,794.3	(2.4)	1,858.2	442.9	10.6	39.7	(5.8)	(30.4)	456.9	0.2	201.9	2,517.4
Changes during the fiscal year														
Increase by share exchanges		184.5			184.5									184.5
Dividends paid			(51.0)		(51.0)									(51.0)
Net income attributable to owners of parent			109.9		109.9									109.9
Purchase of treasury stock				(58.5)	(58.5)									(58.5)
Disposal of treasury stock		0.0		0.7	0.8									0.8
Cancellation of treasury stock		(50.9)		50.9	—									—
Reversal of revaluation reserve for land			0.2		0.2									0.2
Change in ownership interest of parent due to transactions with non-controlling interests		(0.1)			(0.1)									(0.1)
Net changes except for stockholders' equity during the fiscal year						(64.3)	(5.9)	(0.2)	1.6	10.0	(58.8)	(0.0)	(185.3)	(244.2)
Total changes during the fiscal year	—	133.4	59.1	(6.7)	185.8	(64.3)	(5.9)	(0.2)	1.6	10.0	(58.8)	(0.0)	(185.3)	(58.3)
Balance at March 31, 2022	50.5	149.2	1,853.5	(9.2)	2,044.1	378.5	4.6	39.4	(4.1)	(20.4)	398.0	0.2	16.6	2,459.0

Consolidated Statement of Cash Flows

(Billions of yen)

	FY2020	FY2021
Cash flows from operating activities		
Income before income taxes	184.3	155.6
Depreciation and amortization	34.6	36.9
Impairment losses on fixed assets	6.5	4.8
Equity in earnings of investments in affiliates	(0.4)	(0.5)
Increase (decrease) in reserve for possible loan losses	29.8	43.6
Increase (decrease) in reserve for possible losses on investments	0.0	(0.0)
Increase (decrease) in reserve for employees' bonuses	1.1	1.5
(Increase) decrease in net defined benefit asset	(11.4)	0.4
Increase (decrease) in net defined benefit liability	(7.3)	(2.9)
Interest income (accrual basis)	(435.6)	(441.6)
Interest expenses (accrual basis)	18.2	12.5
Net (gains) losses on securities	(55.1)	14.1
Net foreign exchange (gains) losses	(43.6)	(103.2)
Net (gains) losses on disposal of fixed assets	0.0	(1.7)
Net (increase) decrease in trading assets	225.6	(6.6)
Net increase (decrease) in trading liabilities	(47.6)	(13.4)
Net (increase) decrease in loans and bills discounted	(2,333.4)	(618.9)
Net increase (decrease) in deposits	5,781.2	2,230.8
Net increase (decrease) in negotiable certificates of deposit	(203.6)	236.4
Net increase (decrease) in borrowed money (excluding subordinated borrowed money)	6,453.4	1,916.6
Net (increase) decrease in due from banks (excluding those deposited at Bank of Japan)	(4.1)	18.4
Net (increase) decrease in call loans and other	393.0	(213.5)
Net increase (decrease) in call money and other	564.2	694.7
Net increase (decrease) in payables under securities lending transactions	532.0	(260.1)
Net (increase) decrease in foreign exchange assets	(31.9)	(20.4)
Net increase (decrease) in foreign exchange liabilities	2.9	(4.1)
Net increase (decrease) in straight bonds	(30.0)	(65.0)
Net increase (decrease) in due to trust account	(12.4)	(195.2)
Interest receipts (cash basis)	435.8	445.1
Interest payments (cash basis)	(22.0)	(13.2)
Other, net	(4.5)	119.0
Subtotal	11,419.7	3,970.0
Income taxes paid or tax refund	(25.0)	(79.0)
Net cash provided by (used in) operating activities	11,394.7	3,890.9

(Billions of yen)

	FY2020	FY2021
Cash flows from investing activities		
Purchase of securities	(6,671.3)	(7,292.3)
Proceeds from sales of securities	4,079.1	5,208.1
Proceeds from redemption of securities	1,213.5	1,179.0
Purchase of tangible fixed assets	(10.1)	(11.9)
Proceeds from sales of tangible fixed assets	3.4	4.3
Purchase of intangible fixed assets	(5.2)	(10.5)
Proceeds from sales of intangible fixed assets	0.1	0.0
Purchase of shares of affiliates accounted for using the equity method	(0.2)	(0.8)
Other, net	(0.2)	(1.7)
Net cash provided by (used in) investing activities	(1,390.9)	(925.9)
Cash flows from financing activities		
Decrease in subordinated borrowings	(5.2)	—
Repayment of subordinated bonds	(40.0)	(60.0)
Proceeds from issuance of stock	0.1	—
Dividends paid	(48.3)	(51.0)
Dividends paid to non-controlling interests of consolidated subsidiaries	(1.8)	(0.0)
Purchase of treasury stock	(1.4)	(58.5)
Proceeds from sales of treasury stock	1.0	0.6
Purchases of subsidiaries' shares that do not result in change in scope of consolidation	(18.8)	(1.2)
Net cash provided by (used in) financing activities	(114.3)	(170.3)
Effect of exchange rate changes on cash and cash equivalents	0.0	0.0
Net increase (decrease) in cash and cash equivalents	9,889.4	2,794.6
Cash and cash equivalents at the beginning of the fiscal year	15,235.4	25,124.8
Cash and cash equivalents at the end of the fiscal year	25,124.8	27,919.5

Corporate Data

Outline of Group Banks (As of March 31, 2022)


Resona Holdings
Assets (consolidated): ¥78.1 trillion / Trust assets: ¥31.8 trillion

Resona Bank
Assets: ¥42.8 trillion
President: Shoichi Iwanaga

Head Office: 2-1, Bingomachi 2-chome, Chuo-ku, Osaka, Japan

Establishment: May 1918

Shareholder (shareholding ratio): Resona Holdings, Inc. (100%)

Number of manned branches: 323

Number of employees: 8,440

Balance of deposits: ¥33,285.8 billion

Balance of loans and bills discounted: ¥21,570.6 billion (banking book)

Saitama Resona Bank
Assets: ¥19.8 trillion
President: Satoshi Fukuoka

Head Office: 4-1, Tokiwa 7-chome, Urawa-ku, Saitama, Japan

Establishment: August 2002

Shareholder (shareholding ratio): Resona Holdings, Inc. (100%)

Number of manned branches: 128

Number of employees: 3,111

Balance of deposits: ¥16,550.1 billion

Balance of loans and bills discounted: ¥8,294.1 billion

Kansai Mirai Financial Group
Assets (consolidated): ¥15.6 trillion
President: Tetsuya Kan

Head Office: 2-1, Bingomachi 2-chome, Chuo-ku, Osaka, Japan

Establishment: November 2017

Shareholder (shareholding ratio): Resona Holdings, Inc. (100%)

Number of employees: 5,695 (consolidated)

755 (non-consolidated)


Kansai Mirai Bank
Assets: ¥11.0 trillion
President: Tetsuya Kan

Head Office: 2-1, Bingomachi 2-chome, Chuo-ku, Osaka, Japan

Establishment: November 1950

Shareholder (shareholding ratio): Kansai Mirai Financial Group, Inc. (100%)

Number of manned branches: 261

Number of employees: 3,243

Balance of deposits: ¥7,405.6 billion

Balance of loans and bills discounted: ¥6,784.8 billion

MINATO BANK
Assets: ¥4.6 trillion
President: Toshikazu Takeichi

Head Office: 1-1, Sannomiya-cho 2-chome, Chuo-ku, Kobe, Japan

Establishment: September 1949

Shareholder (shareholding ratio): Kansai Mirai Financial Group, Inc. (100%)

Number of manned branches: 103

Number of employees: 1,675

Balance of deposits: ¥3,779.5 billion

Balance of loans and bills discounted: ¥2,955.2 billion

Corporate Profile (As of March 31, 2022)

Company Name

Resona Holdings, Inc.

President

Masahiro Minami

Head Office

 (Tokyo Head Office) 5-65, Kiba 1-chome, Koto-ku, Tokyo 135-8582, Japan
(Osaka Head Office) 2-1, Bingomachi 2-chome, Chuo-ku, Osaka 540-8608, Japan

Establishment

December 2001

Number of Employees

 19,744 (consolidated)
1,384 (non-consolidated)

Lines of Business

Formulation of Group management and business strategies, allocation of management resources within the Group, and supervision of subsidiaries' operations and other ancillary businesses



Tokyo Head Office



Osaka Head Office


Resona Holdings Website
<https://www.resona-gr.co.jp/holdings/english/>

Stock Information (As of March 31, 2022)

Issued Stock

2,400,980,366

Number of Shareholders

296,400 (Common stock)

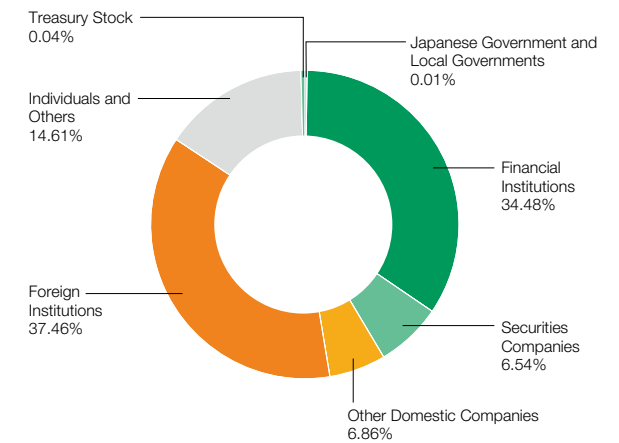
Major Shareholders (Top Ten)

Common stock

Name of shareholder	Percentage of total shares issued (%)*
The Master Trust Bank of Japan (Trust Account)	15.73
Custody Bank of Japan, Ltd. (Trust Account)	6.64
The Dai-ichi Life Insurance Company, Limited	3.13
Nippon Life Insurance Company	2.26
STATE STREET BANK AND TRUST COMPANY 505001	2.23
AMUNDI GROUP	1.88
STATE STREET BANK WEST CLIENT-TREATY 505234	1.54
THE BANK OF NEW YORK MELLON 140044	1.39
JP MORGAN CHASE BANK 385781	1.30
Daido Life Insurance Company	1.19

*Calculated after deduction of treasury shares

Composition of Stockholders



On Issuing This Integrated Report

This publication is an integrated report that aims to explain in a simple manner to all stakeholders the Resona Group's strengths and measures undertaken to create sustainable corporate value. Our hope is that, through this report, readers will understand the reasoning behind the Resona Group's goal of becoming the "Retail No. 1" financial services group.

Also, forward-looking statements contained in this report are based upon certain assumptions that may be significantly affected by the following factors: fluctuations in domestic stock prices; changes in policies enforced by the national government and the Bank of Japan, as well as laws, regulations and industrial practices and their interpretations; the bankruptcy of a major corporation(s); changes in the economic environment at home and abroad; and other factors beyond the control of the Resona Group. Accordingly, forward-looking statements contained in the report in no way guarantee the Group's future

business performance or the realization of other trends. Readers are advised that actual results may differ materially from these statements.

Financial data, non-financial data and other detailed information are available on our website.

Referenced guidelines

- The IIRC Framework issued by the International Integrated Reporting Council
- Guidance for Collaborative Value Creation issued by the Ministry of Economy, Trade and Industry

Coverage

Period: Fiscal year 2021 (April 2021 – March 2022); The report includes some information on the Group's initiatives carried out in April 2022 and later.

Scope: Resona Holdings, its subsidiaries and its affiliates